

Preliminary Financial Projections for FY14 General Fund Budget

Joint Meeting of the City Council and
School Committee



Mayor David J. Narkewicz
January 31, 2013

January 31, 2013

- Key Accomplishments in FY2013
- Reserve Position and Why It Matters
- How We Compare With Other Communities
- Revenue Trends
- Expense Trends
- What it all means for FY2014

Presentation Outline

- Increased appropriations for several key accounts that have been historically underfunded – legal, fire OT, veterans benefits and snow and ice to reduce reliance on free cash for operating budget
- FY13 free cash certified at \$2,834,914
 - appropriated \$896,105 to capital projects
 - appropriated \$500,000 to Capital Stabilization Fund to build reserves
- Implemented tight controls requiring Mayoral approval on spending over \$250 by all departments
- In June, plan to present an order to appropriate unspent Free Cash in FY13 to the Stabilization Fund

Key Accomplishments in FY2013



Reserve Position and Why It Matters

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- *"Going forward, review of the city's credit strength will heavily weigh its progress towards improving and maintaining balanced operations and replenishing reserves to levels equivalent to similarly-rated communities."*
- *"What could make the rating go down – a decline in reserves or liquidity position during fiscal 2013 and failure to grow reserves consistent with the current rating category."*

And from our Financial Advisor – First Southwest: "Northampton's unassigned fund balance at end of FY2012 was \$4.45 million or 5.2% of revenues. Aa rated bonds typically would have total fund balance as a percent of revenues at least in the double digits (10% minimum) and the average for Aa2's and Aa1's is more like 12-15%. So bottom line, any decline in the City's liquidity and/or fund balance position in FY2013 and failure by the City to grow its reserves to the average Aa category, will likely result in a notch downgrade."

Excerpts from Moody's Recent Rating Report – January 2013

- Moody's

- A
- Aa1, **Aa2**, Aa3
- A1, A2, A3
- Baa1, Baa2, Baa3

- Standard & Poors

- AAA
- AA+, AA, AA-
- **A+**, A, A-
- BBB+, BBB, BBB-

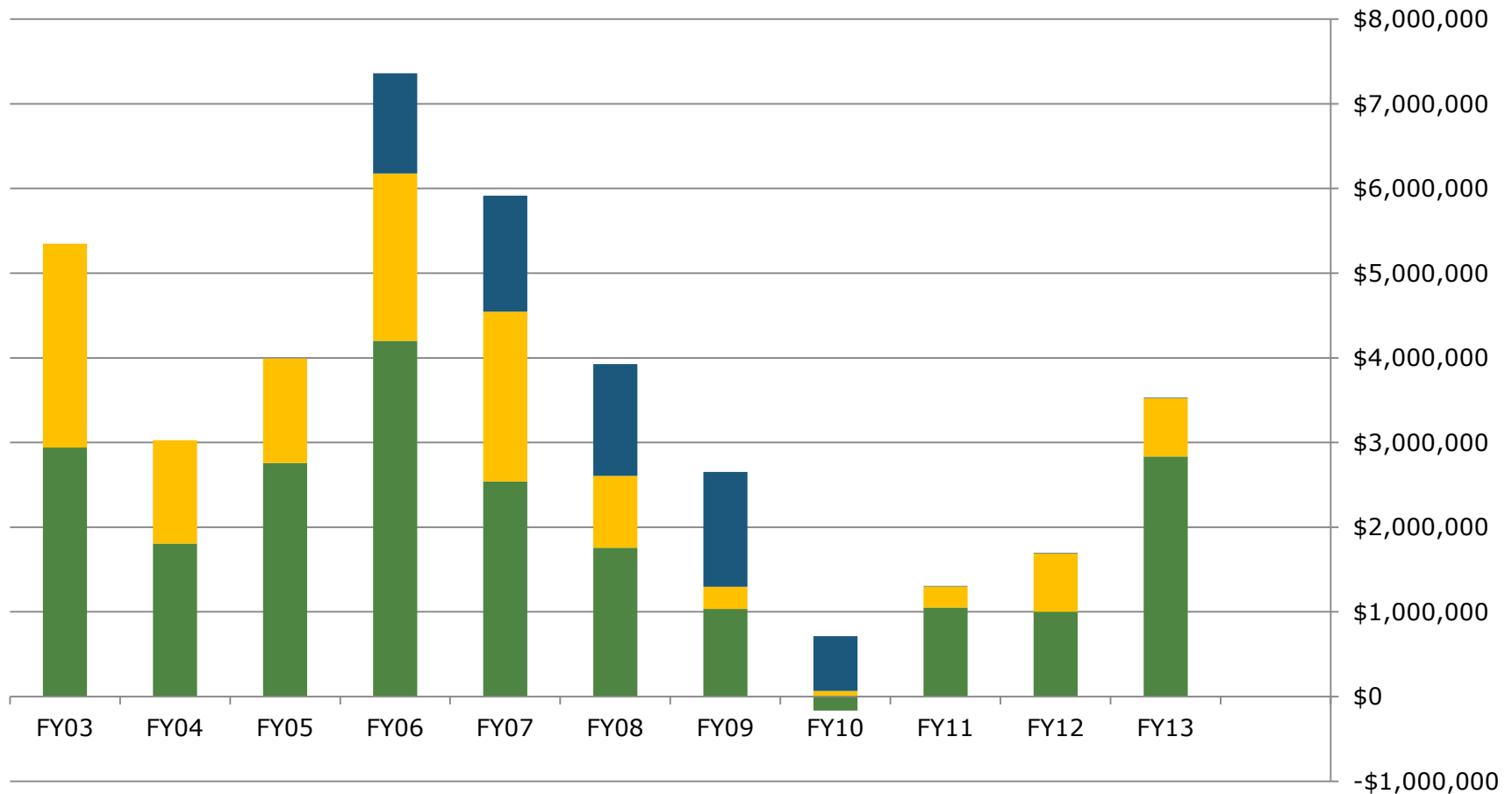
Bond Rating Equivalents

Northampton's rating in red

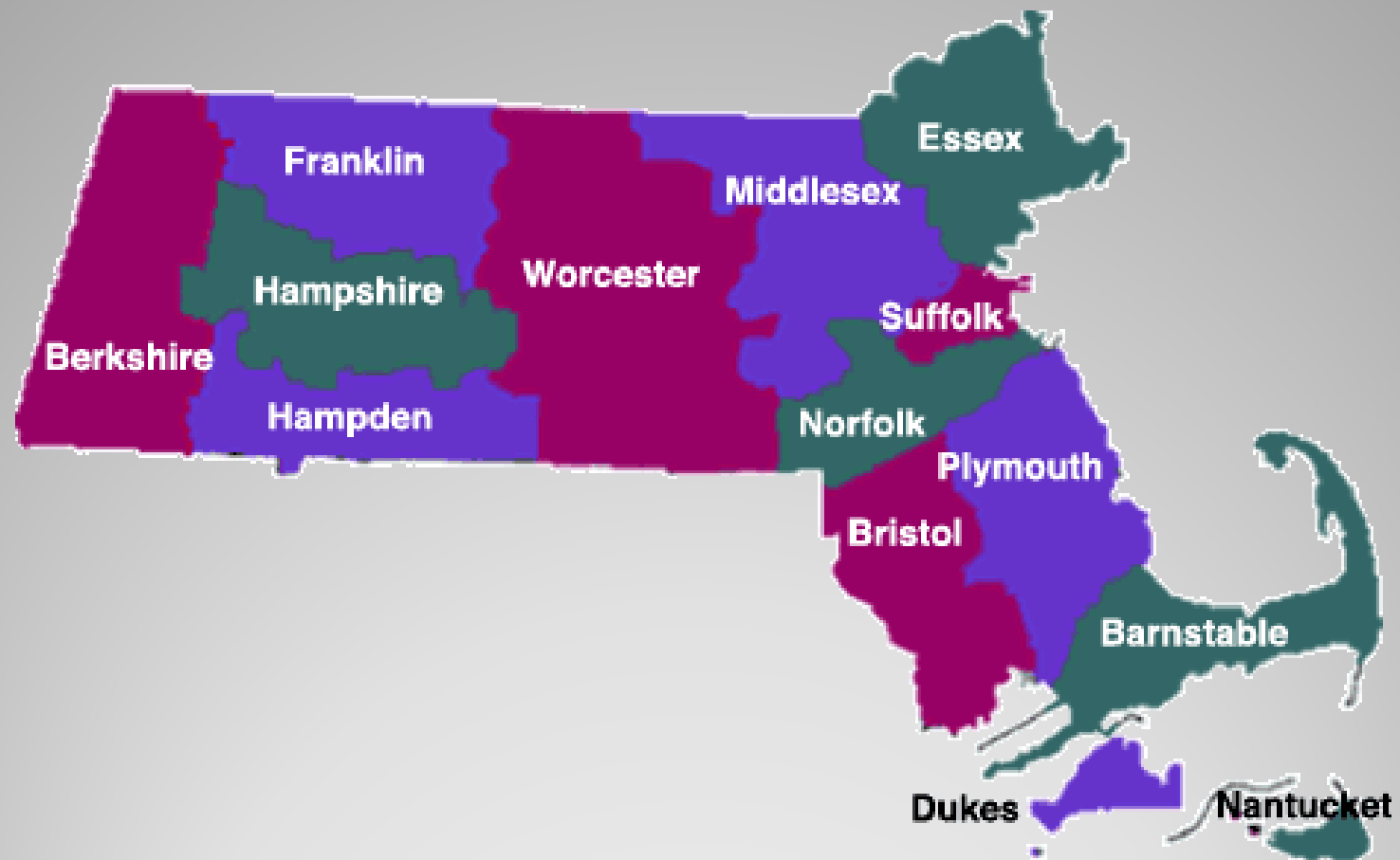
Northampton's Free Cash, Stabilization and Capital Stabilization FY2003 - FY2013

Source: End of Year Financials and DOR Municipal Data Bank

■ GENERAL FUND FREE CASH ■ GENERAL FUND STABILIZATION ■ CAPITAL STABILIZATION



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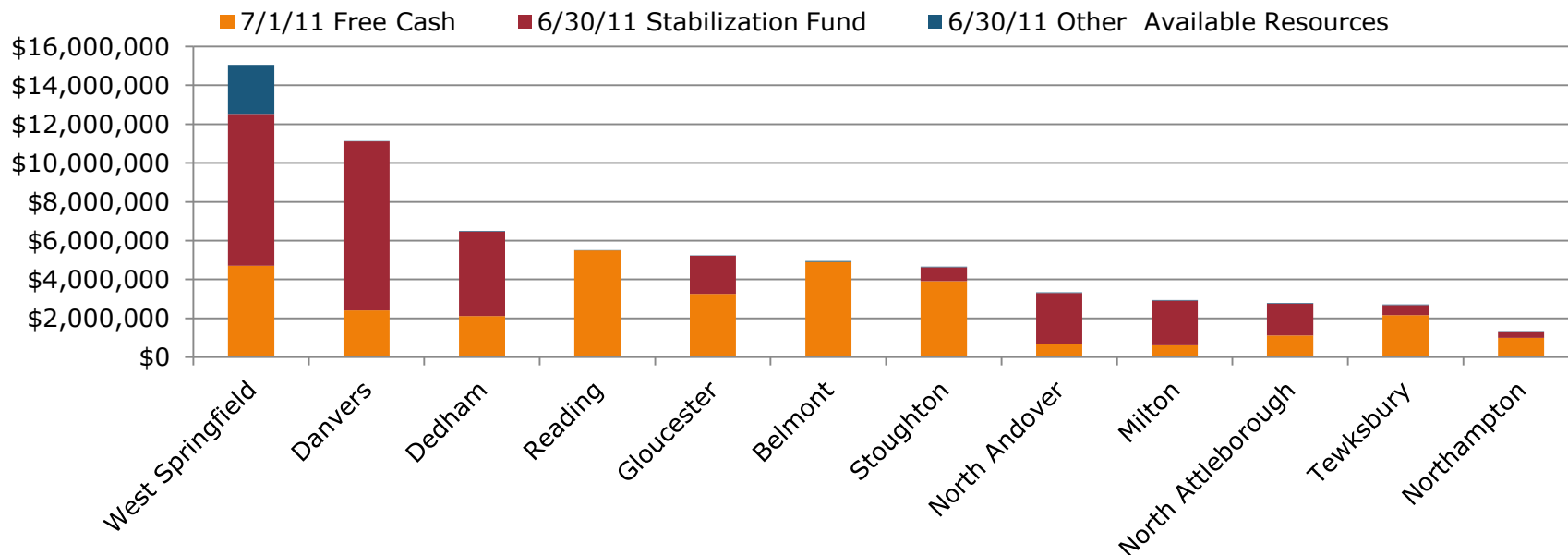


How Northampton Compares With Other Communities

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Reserves in Similar Communities

Source: DOR Municipal Data Bank - most recent available comparative data

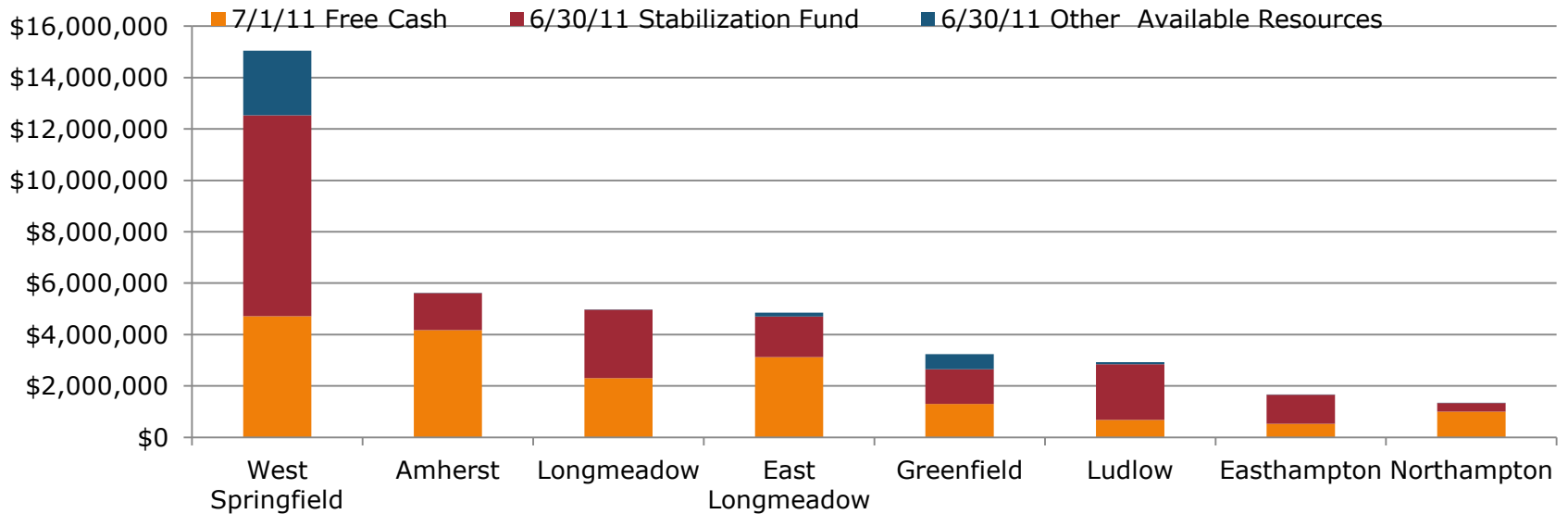


Municipality	Population 2010 Estimate	FY12 Total Budget	Moody's Bond Rating as of July 2011	7/1/11 Free Cash	6/30/11 Stabilization Fund	6/30/11 Other Available Resources	FY12 Available Resources	Available Resources as a percent of Budget
West Springfield	28,391	96,793,375	Aa3	4,710,461	7,818,104	2,515,620	15,044,185	15.54%
Danvers	26,493	98,677,029	Aa1	2,408,514	8,705,986	8,358	11,122,858	11.27%
Dedham	24,729	98,002,126		2,127,161	4,341,975	29,159	6,498,295	6.63%
Reading	24,747	88,769,086	Aa2	5,499,128		1,994	5,501,122	6.20%
Gloucester	28,789	104,345,683	Aa3	3,265,440	1,951,108	473	5,217,021	5.00%
Belmont	24,729	99,962,703	Aaa	4,904,820		45,427	4,950,247	4.95%
Stoughton	26,962	89,361,980	Aa3	3,914,184	717,171	28,317	4,659,672	5.21%
North Andover	28,352	90,488,873	Aa2	662,280	2,646,278	24,166	3,332,724	3.68%
Milton	27,003	91,600,313	Aa2	621,644	2,284,591	38,439	2,944,674	3.21%
North Attleborough	28,712	86,862,293	Aa2	1,113,487	1,648,808	20,259	2,782,554	3.20%
Tewksbury	28,961	101,340,016	Aa3	2,163,059	519,870	27,796	2,710,725	2.67%
Northampton	28,549	95,370,226	Aa2	1,001,298	328,016	6,938	1,336,252	1.40%

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Reserves in Neighboring Communities

Source: DOR Municipal Data Bank – most recent available comparative data



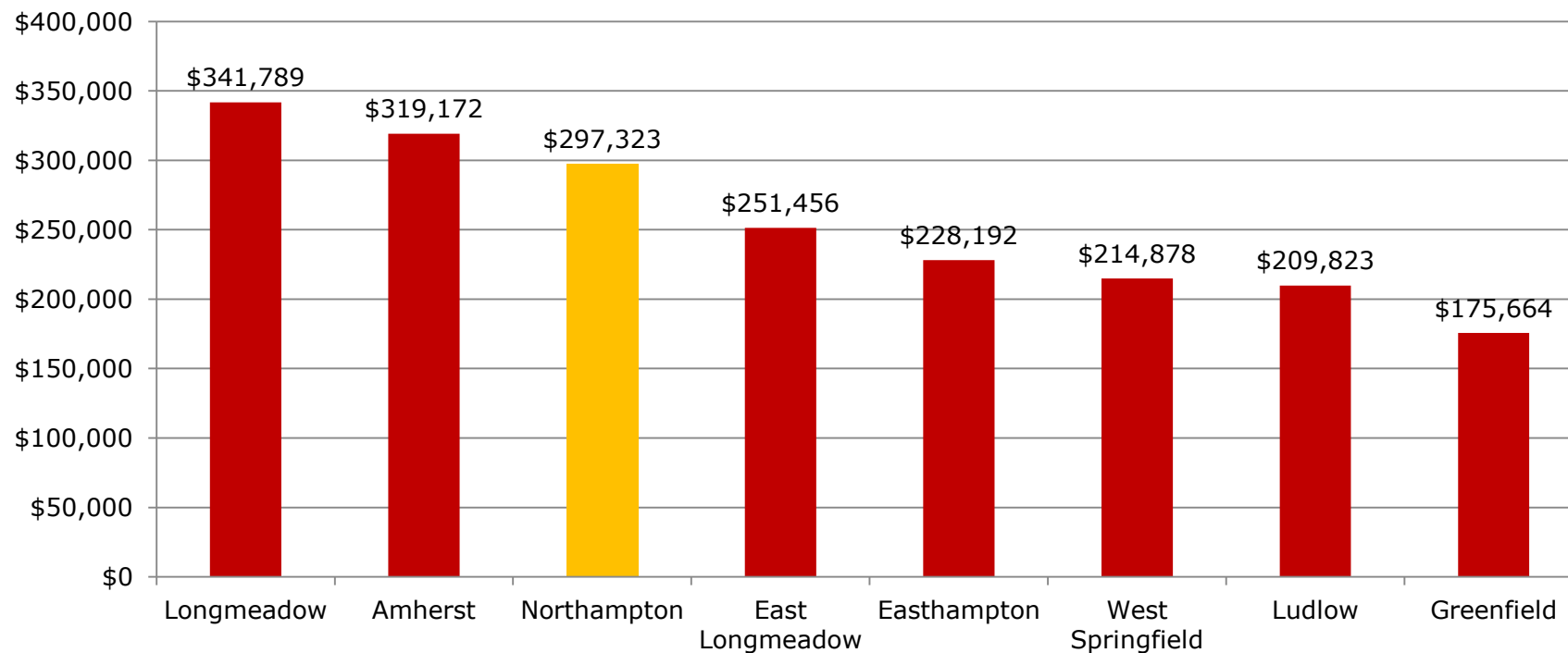
Municipality	Population 2010 Estimate	FY12 Total Budget	Moody's Bond Rating as of July 2011	FY12 Excess Levy Capacity	7/1/11 Free Cash	6/30/11 Stabilization Fund	6/30/11 Other Available Resources	FY12 Available Resources	Available Resources as a percent of Budget
West Springfield	28,391	96,793,375	Aa3	2,515,620	4,710,461	7,818,104	2,515,620	15,044,185	15.54%
Amherst	37,819	75,179,228	Aa2	7,347	4,167,028	1,447,485	7,347	5,621,860	7.48%
Longmeadow	15,784	58,417,245	Aa2	15,758	2,305,141	2,656,553	15,758	4,977,452	8.52%
East Longmeadow	15,720	55,253,519	Aa2	140,523	3,117,922	1,588,245	140,523	4,846,690	8.77%
Greenfield	17,456	53,500,721	A1	593,884	1,293,882	1,348,143	593,884	3,235,909	6.05%
Ludlow	21,103	58,299,022	Aa3	79,861	679,656	2,165,292	79,861	2,924,809	5.02%
Easthampton	16,053	38,068,096	A1	10,260	526,273	1,133,563	10,260	1,670,096	4.39%
Northampton	28,549	95,370,226	Aa2	6,938	1,001,298	328,016	6,938	1,336,252	1.40%

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Single Family Average Value - FY2013

State Average \$357,996

Source: DOR Municipal Data Bank

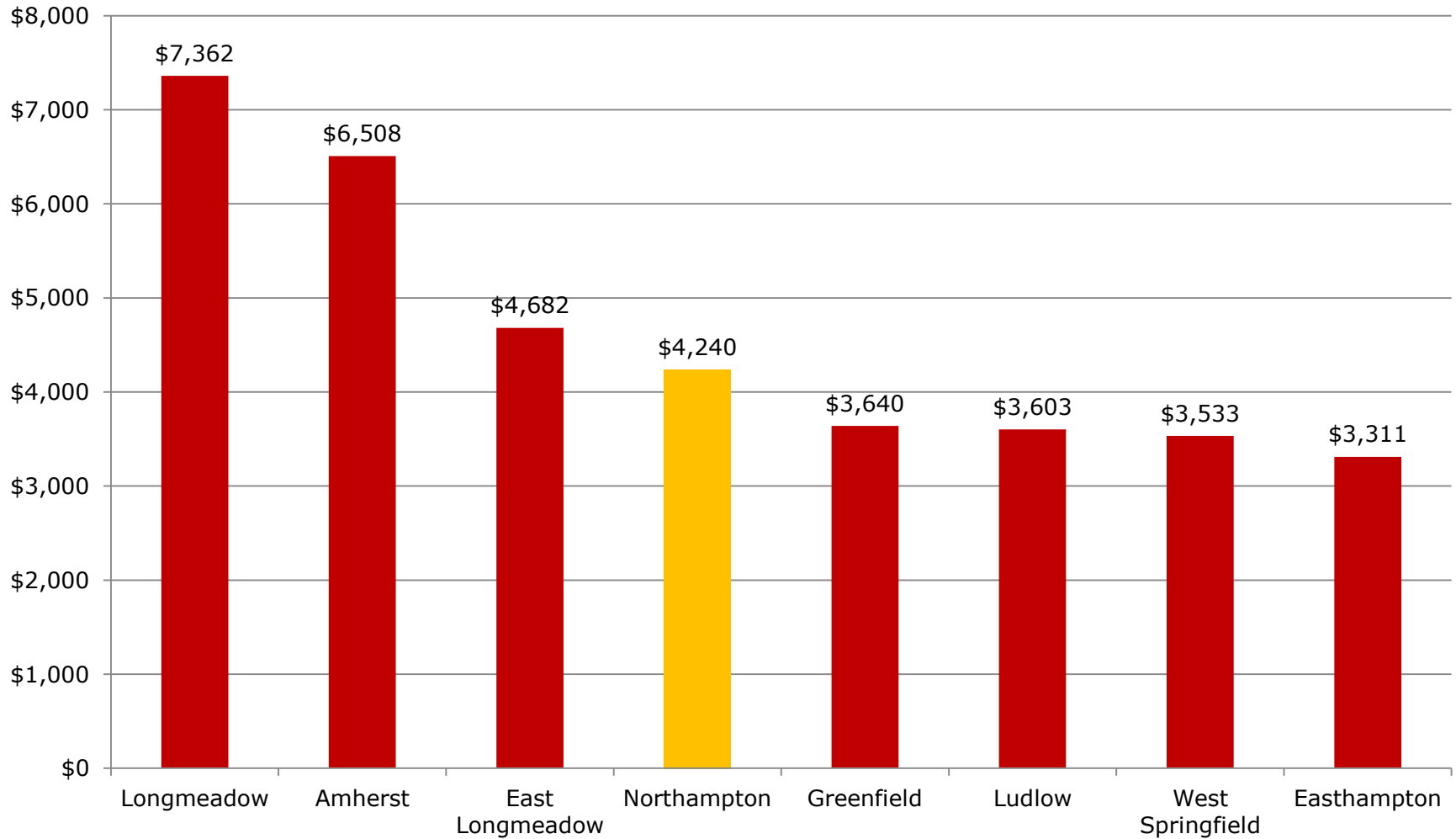


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Average Single Family Tax Bill - FY2013

State Average \$4,926

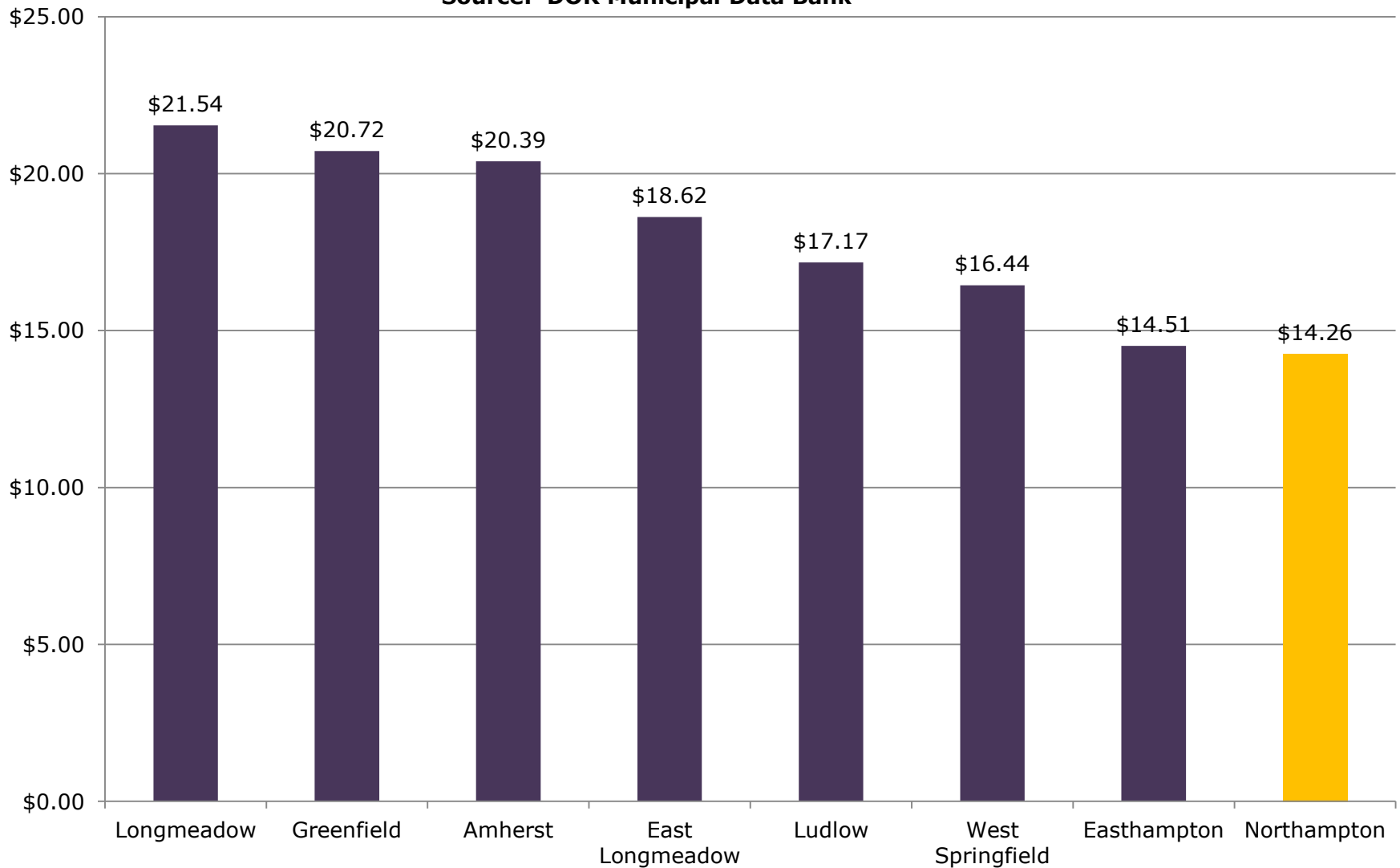
Source: DOR Municipal Data Bank



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Residential Tax Rate - FY2013

Source: DOR Municipal Data Bank



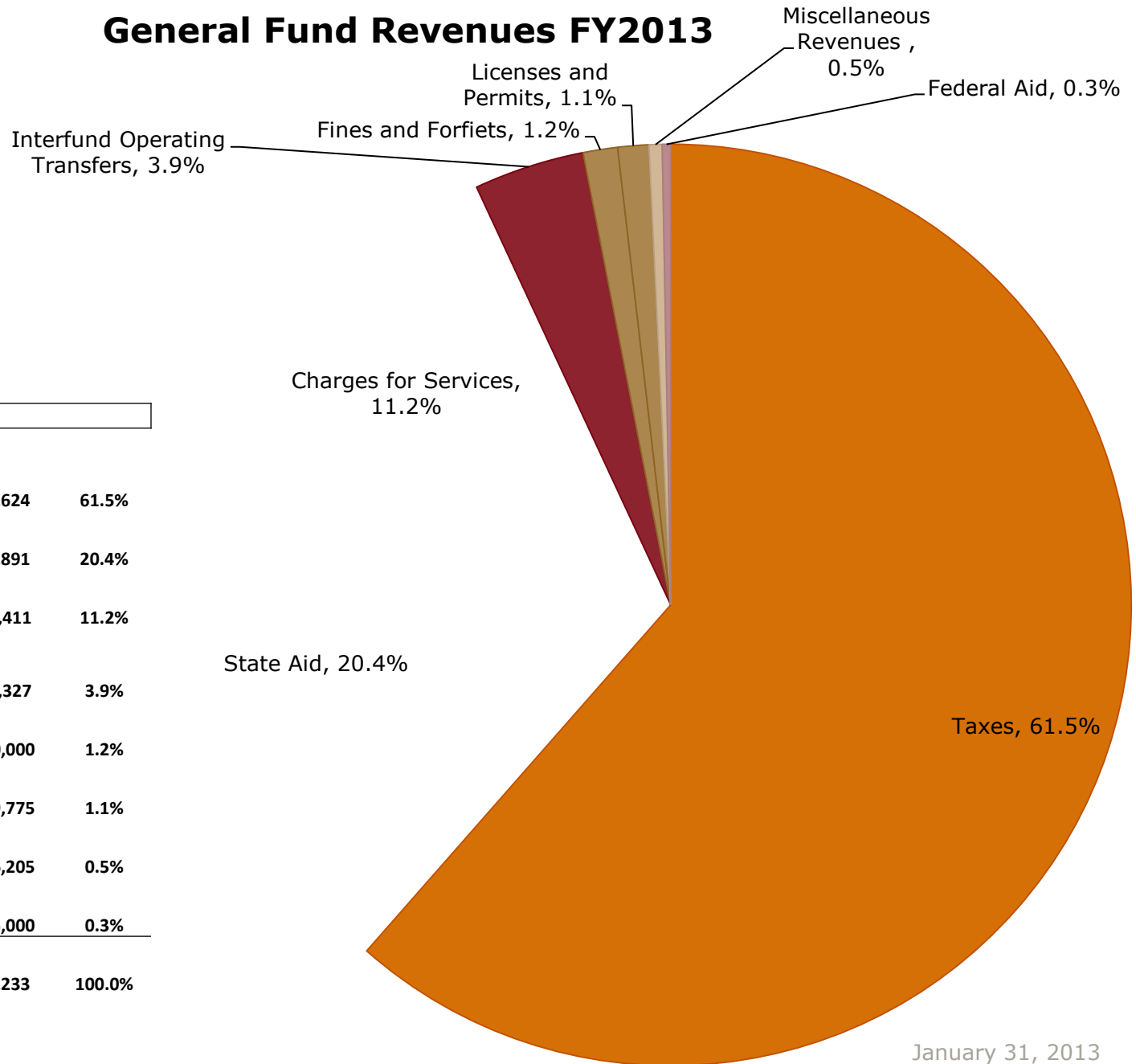
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Revenue Trends

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General Fund Revenues FY2013



Fiscal Year 2013

Taxes	\$	48,765,624	61.5%
State Aid	\$	16,203,891	20.4%
Charges for Services	\$	8,858,411	11.2%
Interfund Operating Transfers	\$	3,073,327	3.9%
Fines and Forfeits	\$	960,000	1.2%
Licenses and Permits	\$	859,775	1.1%
Miscellaneous Revenues	\$	366,205	0.5%
Federal Aid	\$	235,000	0.3%
	\$	79,322,233	100.0%

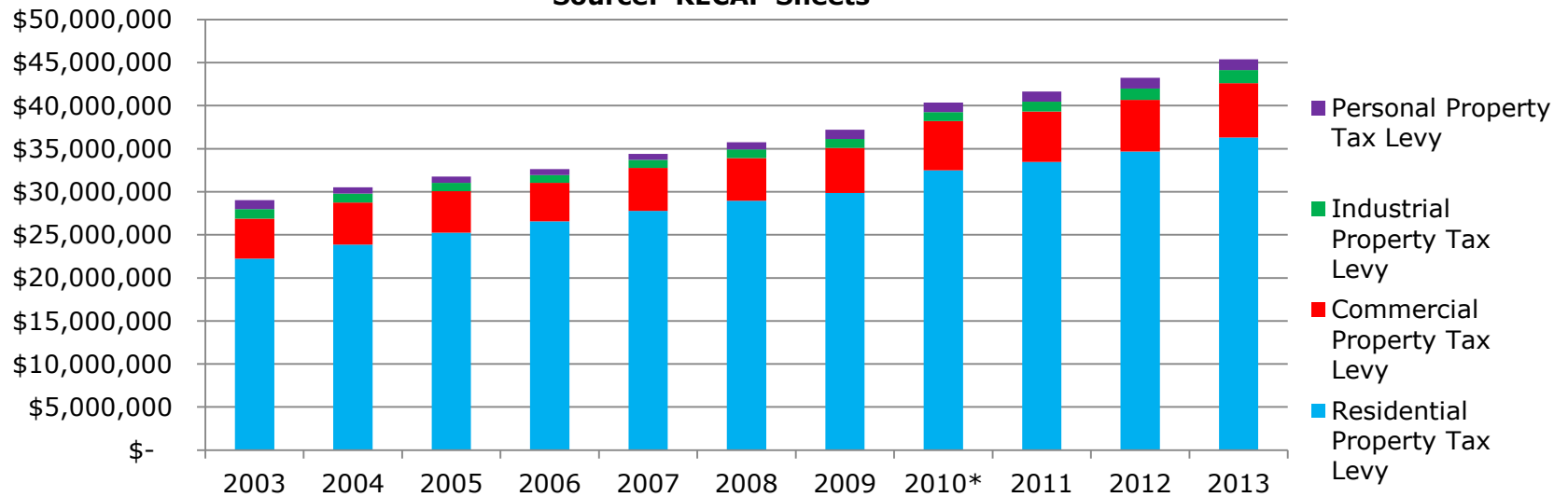
- **Taxes: 61.5%**
 - Real Estate and Personal Property
 - Motor Vehicle Excise
 - Hotel/Motel and Meals Taxes
 - Interest on Taxes and Tax Titles
 - PILOT Payments
- **State Aid: 20.4%**
 - C.70 School Aid
 - School Construction Reimbursements
 - Unrestricted General Govt. Aid
 - Veterans Benefits
 - Abatements for Elderly, Vets, Blind, etc.
- **Charges for Services: 11.2%**
 - Parking Garage and Meters
 - Ambulance Revenues
 - Tuition - Smith Vocational
 - Departmental Fees
 - Departmental Revenues
- **Inter-fund Oper. Transfers: 3.9%**
 - Enterprise Fund Indirect Costs
 - Comcast I-net Reimbursement Fund
 - Energy Rebates
 - Reserve for Police Station Debt
- **Fines and Forfeits: 1.2%**
 - Reimbursement RMF
 - Parking Tickets
- **Licenses and Permits: 1.1%**
 - Liquor Licenses
 - Other Department Issued Licenses
 - Building, Plumbing & Wiring Permits
- **Miscellaneous Revenue: 0.5%**
 - PVT A 5 College Reimbursement
 - Veterans Regional District
 - Interest on Investments
- **Federal Aid: 0.3%**
 - Medicaid Reimbursements Schools
 - Medicare Part D

FY2013 General Fund Revenue Sources

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TAXES: Property Tax Revenue Trend FY2003 - FY2013

Source: RECAP Sheets



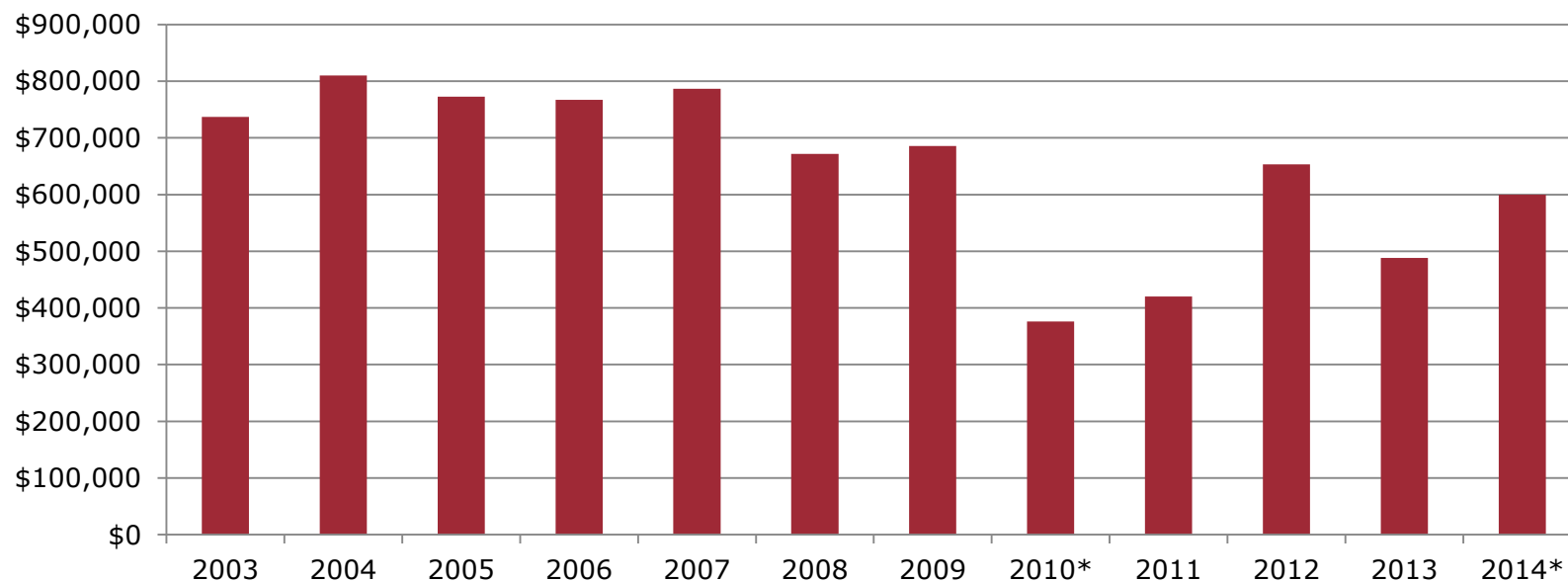
Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010*	2011	2012	2013
Residential Property Tax Levy	\$ 22,234,474	\$ 23,858,305	\$ 25,258,916	\$ 26,561,687	\$ 27,789,052	\$ 28,942,969	\$ 29,856,224	\$ 32,494,563	\$ 33,469,556	\$ 34,667,579	\$ 36,299,783
Commercial Property Tax Levy	\$ 4,635,353	\$ 4,886,676	\$ 4,792,902	\$ 4,466,692	\$ 4,976,264	\$ 4,984,671	\$ 5,253,743	\$ 5,707,666	\$ 5,850,598	\$ 5,999,515	\$ 6,328,257
Industrial Property Tax Levy	\$ 1,109,428	\$ 1,033,609	\$ 1,003,082	\$ 925,551	\$ 954,198	\$ 977,913	\$ 1,020,745	\$ 1,061,927	\$ 1,137,507	\$ 1,313,405	\$ 1,513,350
Personal Property Tax Levy	\$ 1,039,024	\$ 735,286	\$ 721,871	\$ 689,579	\$ 693,850	\$ 862,616	\$ 1,066,659	\$ 1,102,381	\$ 1,179,342	\$ 1,245,463	\$ 1,247,043
Property Tax Total	\$ 29,018,279	\$ 30,513,876	\$ 31,776,771	\$ 32,643,509	\$ 34,413,364	\$ 35,768,169	\$ 37,197,371	\$ 40,366,537	\$ 41,637,003	\$ 43,225,962	\$ 45,388,432
Less - Excluded Debt	\$ 2,224,367	\$ 2,251,168	\$ 2,031,985	\$ 1,380,541	\$ 1,569,870	\$ 1,457,740	\$ 1,342,770	\$ 1,220,649	\$ 1,104,422	\$ 1,008,478	\$ 1,640,306
Net Property Tax Revenue	\$ 26,793,912	\$ 28,262,708	\$ 29,744,786	\$ 31,262,968	\$ 32,843,494	\$ 34,310,429	\$ 35,854,601	\$ 39,145,888	\$ 40,532,581	\$ 42,217,484	\$ 43,748,126

*Override of \$2 million

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TAXES: New Growth FY2003 - FY2014

Source: DOR Municipal Data Bank



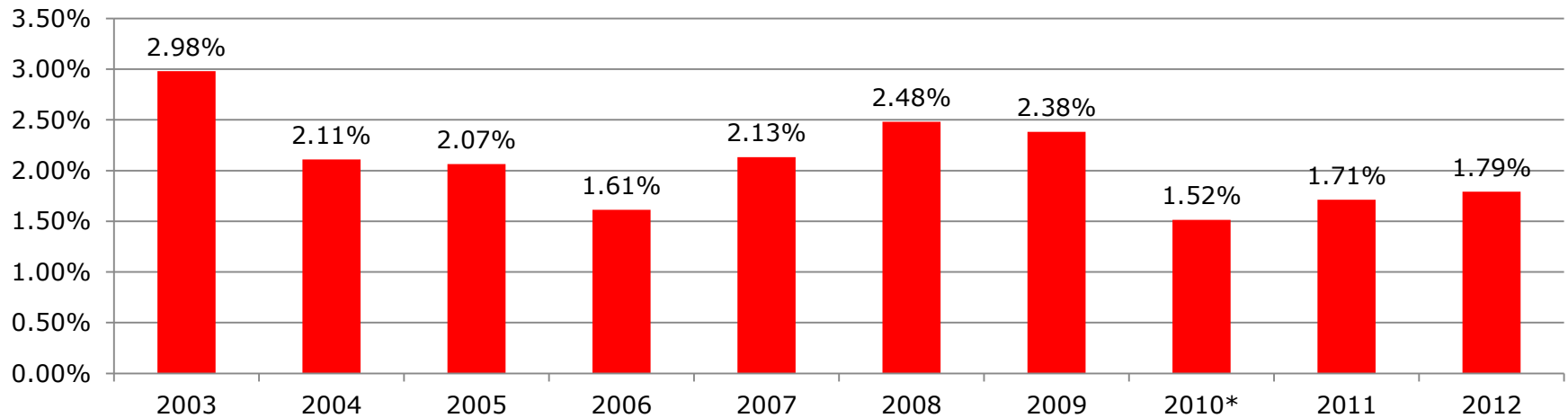
Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010*	2011	2012	2013	2014*
New Growth	\$ 737,153	\$ 809,930	\$ 772,535	\$ 766,958	\$ 786,917	\$ 671,636	\$ 685,701	\$ 375,927	\$ 420,416	\$ 653,585	\$ 488,041	\$ 600,000
Total Change in New Growth from Previous Year	\$ 737,153	\$ 72,777	\$ (37,395)	\$ (5,577)	\$ 19,959	\$ (115,281)	\$ 14,065	\$ (309,774)	\$ 44,489	\$ 233,169	\$ (165,544)	\$ 111,959
Percent Change in New Growth from previous year	52.15	9.87	(4.62)	(0.72)	2.60	(14.65)	2.09	(45.18)	11.83	55.46	(25.33)	22.94

*2014 ESTIMATE

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TAXES: Uncollected Taxes as a Percentage of Net Property Tax Levy FY2003 - FY2012

Source: End of Year Financials

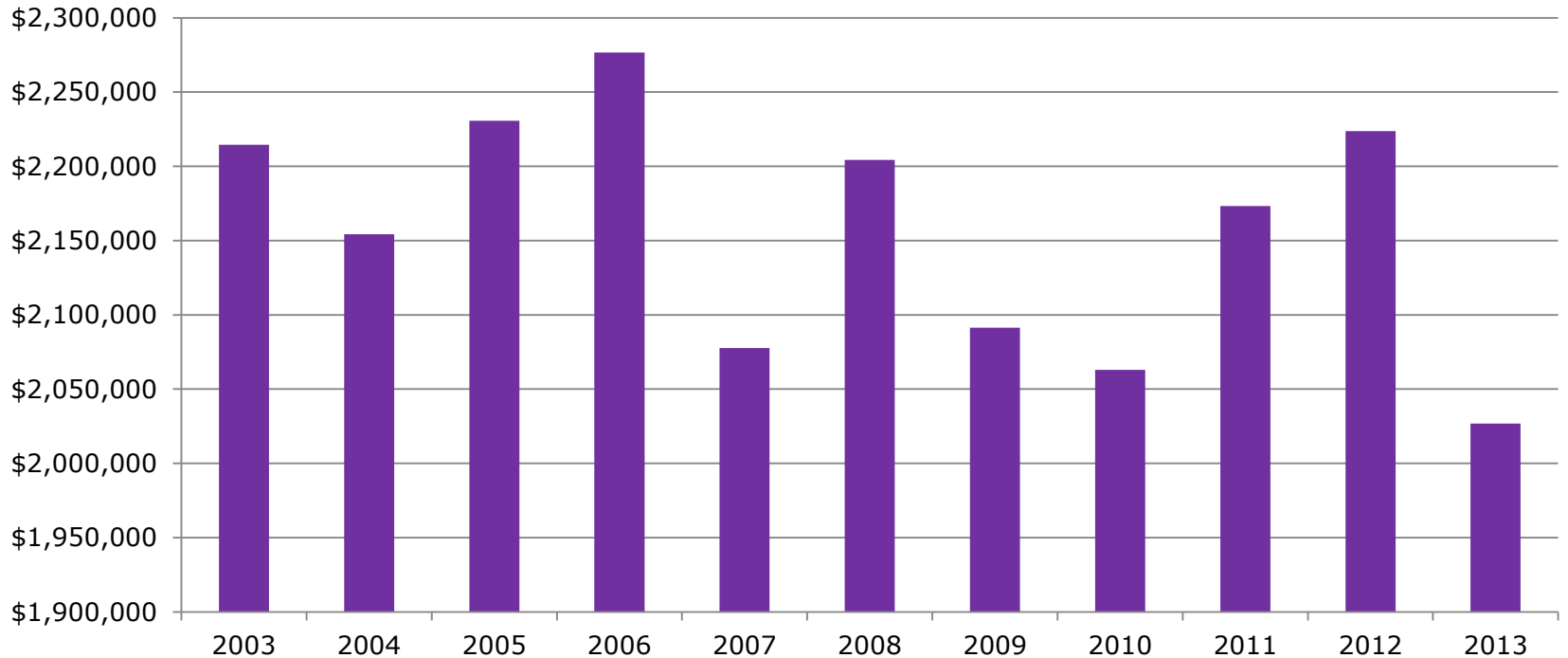


Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010*	2011	2012
Residential Property Tax Levy	\$ 22,234,474	\$ 23,858,305	\$25,258,916	\$ 26,561,687	\$ 27,789,052	\$ 28,942,969	\$ 29,856,224	\$ 32,494,563	\$ 33,469,556	\$ 34,667,579
Commercial Property Tax Levy	\$ 4,635,353	\$ 4,886,676	\$ 4,792,902	\$ 4,466,692	\$ 4,976,264	\$ 4,984,671	\$ 5,253,743	\$ 5,707,666	\$ 5,850,598	\$ 5,999,515
Industrial Property Tax Levy	\$ 1,109,428	\$ 1,033,609	\$ 1,003,082	\$ 925,551	\$ 954,198	\$ 977,913	\$ 1,020,745	\$ 1,061,927	\$ 1,137,507	\$ 1,313,405
Personal Property Tax Levy	<u>\$ 1,039,024</u>	<u>\$ 735,286</u>	<u>\$ 721,871</u>	<u>\$ 689,579</u>	<u>\$ 693,850</u>	<u>\$ 862,616</u>	<u>\$ 1,066,659</u>	<u>\$ 1,102,381</u>	<u>\$ 1,179,342</u>	<u>\$ 1,245,463</u>
Property Tax Total	\$ 29,018,279	\$ 30,513,876	\$31,776,771	\$ 32,643,509	\$ 34,413,364	\$ 35,768,169	\$ 37,197,371	\$ 40,366,537	\$ 41,637,003	\$ 43,225,962
Reserved for Abatements & Exemptions	<u>\$ 440,648</u>	<u>\$ 457,710</u>	<u>\$ 449,983</u>	<u>\$ 421,286</u>	<u>\$ 450,330</u>	<u>\$ 384,577</u>	<u>\$ 540,444</u>	<u>\$ 412,448</u>	<u>\$ 388,923</u>	<u>\$ 393,978</u>
Net Property Tax Levy	\$ 28,577,631	\$ 30,056,166	\$31,326,788	\$ 32,222,223	\$ 33,963,034	\$ 35,383,592	\$ 36,656,927	\$ 39,954,089	\$ 41,248,080	\$ 42,831,984
Uncollected Taxes as of June 30	\$ 851,482	\$ 634,150	\$ 647,021	\$ 520,095	\$ 724,017	\$ 877,863	\$ 873,123	\$ 605,336	\$ 706,531	\$ 767,097
Uncollected Taxes as a Percentage of Net Property Tax Levy	2.98%	2.11%	2.07%	1.61%	2.13%	2.48%	2.38%	1.52%	1.71%	1.79%

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TAXES: Motor Vehicle Excise FY2003 - FY2014

Source: End of Year Financials



Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Motor Vehicle Excise	\$ 2,214,602	\$ 2,154,231	\$ 2,230,637	\$ 2,276,569	\$ 2,077,680	\$ 2,204,379	\$ 2,091,330	\$ 2,063,029	\$ 2,173,355	\$ 2,223,813	\$ 2,026,701
Change from previous year	\$ 90,971	\$ (60,371)	\$ 76,406	\$ 45,932	\$ (198,889)	\$ 126,700	\$ (113,049)	\$ (28,301)	\$ 110,326	\$ 50,458	\$ (197,112)
Percentage change from previous year	4.28	(2.73)	3.55	2.06	(8.74)	6.10	(5.13)	(1.35)	5.35	2.32	(8.86)

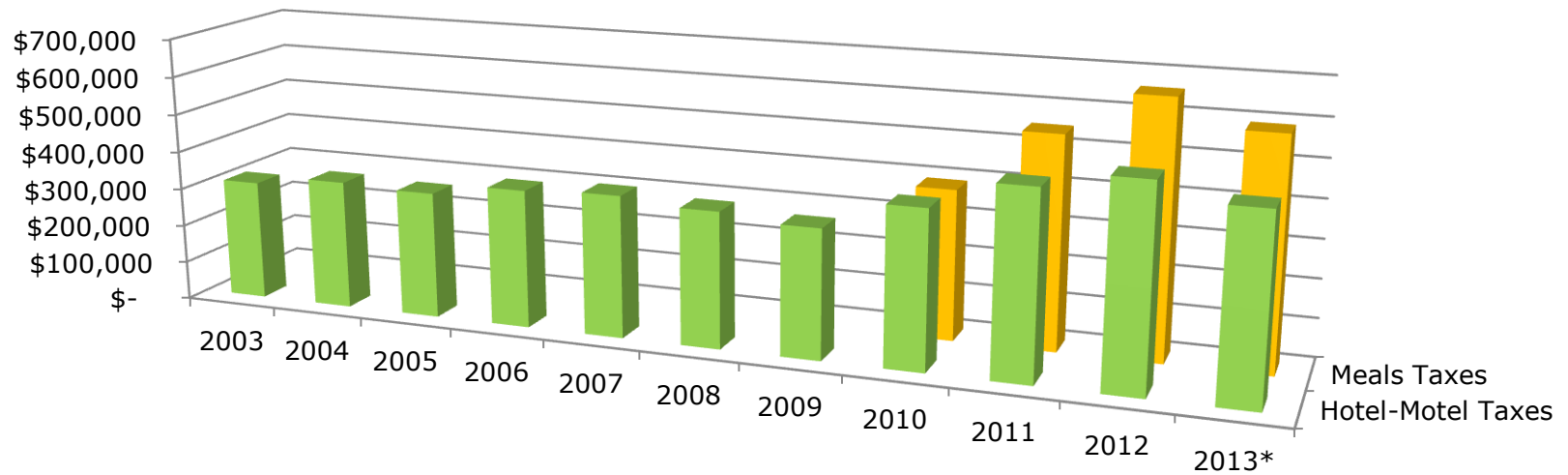
*2013 ESTIMATE

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TAXES: Hotel-Motel and Meals Tax FY2003 - FY2013

Source: End of Year financials

■ Hotel-Motel Taxes ■ Meals Taxes



Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013*
Hotel-Motel Taxes	\$ 313,224	\$ 336,309	\$ 329,332	\$ 359,388	\$ 368,770	\$ 352,264	\$ 334,406	\$ 407,727	\$ 481,230	\$ 520,001	\$ 475,830
Meals Taxes								\$ 389,700	\$ 549,624	\$ 659,041	\$ 590,560
Total	\$ 313,224	\$ 336,309	\$ 329,332	\$ 359,388	\$ 368,770	\$ 352,264	\$ 334,406	\$ 797,427	\$ 1,030,854	\$ 1,179,042	\$ 1,066,390
Change from Previous Year	\$ (52,567)	\$ 23,085	\$ (6,977)	\$ 30,056	\$ 9,382	\$ (16,506)	\$ (17,858)	\$ 463,021	\$ 233,427	\$ 148,188	\$ (112,652)
Percentage Change from Previous Year	-14.37	7.37	-2.07	9.13	2.61	-4.48	-5.07	138.46	29.27	14.38	-9.55

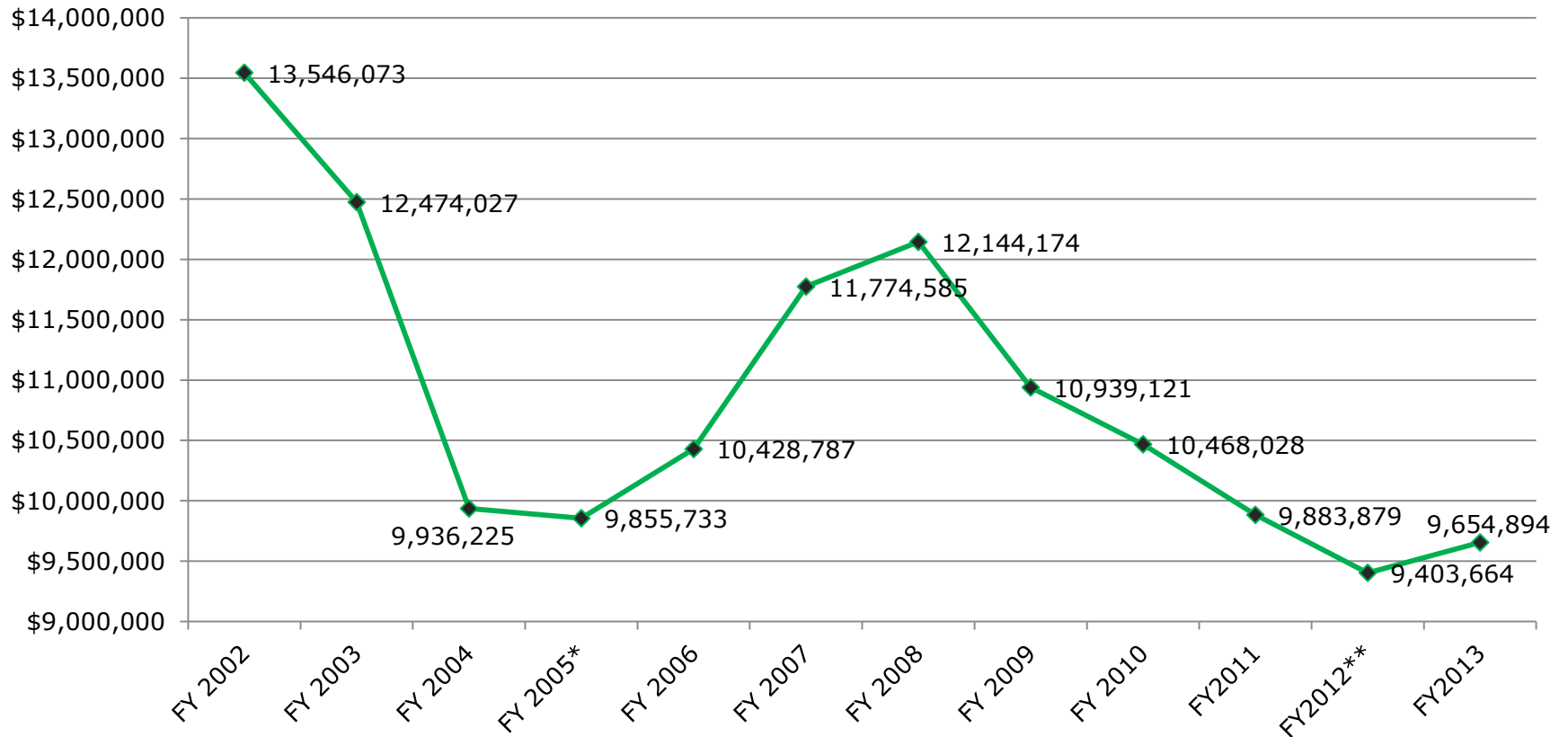
*2013 Estimate

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STATE AID: Net State Aid from FY2002 - FY2013

net state aid excludes offsets and MSBA payments

Source: End of Year Financials

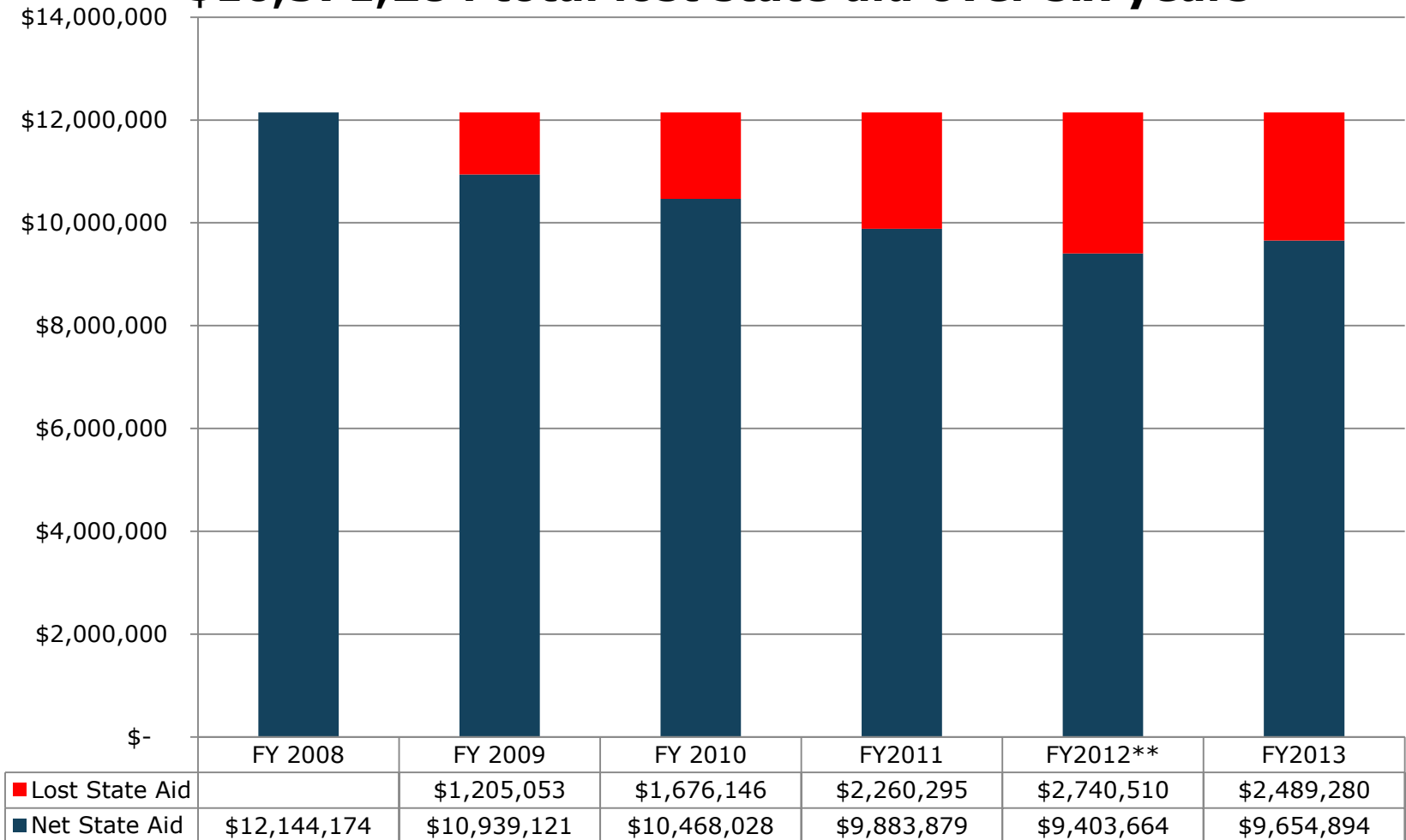


**does not include supplemental appropriation October 2011

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Net State Aid showing lost revenue if funding had been LEVEL since FY2008

\$10,371,284 total lost state aid over six years



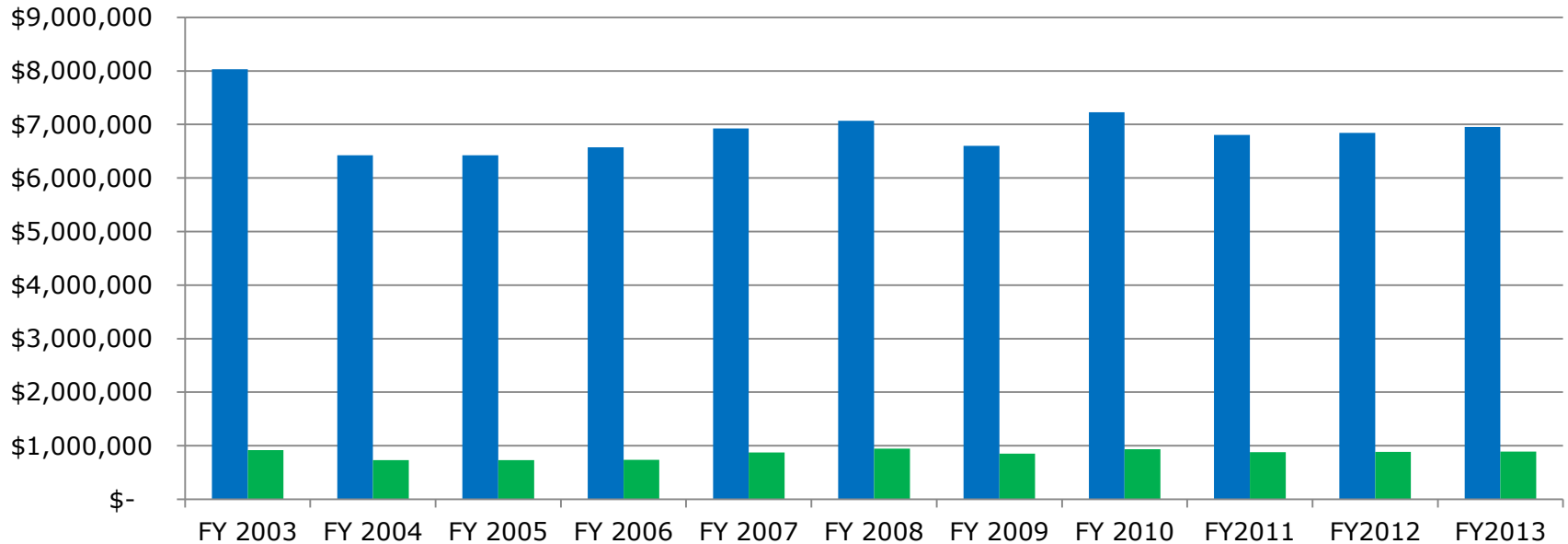
**does not include supplemental appropriation October 2011

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STATE AID: C.70 Education Aid FY2013 - FY2013

Source: Department of Elementary and Secondary Education

■ NPS ■ Smith Vocational

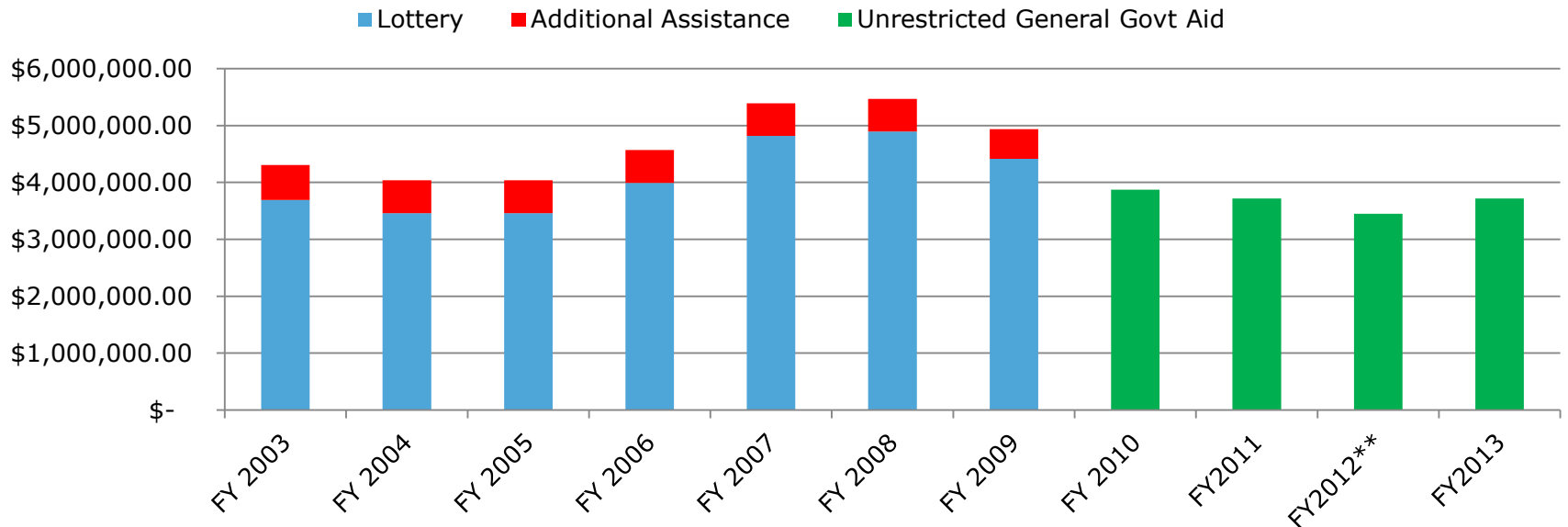


		FY 2003		FY 2004		FY 2005		FY 2006		FY 2007		FY 2008		FY 2009		FY 2010		FY2011		FY2012		FY2013
NPS	\$	8,032,387	\$	6,425,910	\$	6,425,910	\$	6,574,010	\$	6,925,716	\$	7,068,616	\$	6,600,630	\$	7,228,831	\$	6,806,523	\$	6,843,064	\$	6,954,104
Smith Vocational	\$	915,417	\$	732,334	\$	732,334	\$	738,534	\$	875,377	\$	947,961	\$	854,265	\$	935,567	\$	880,911	\$	885,640	\$	890,560
Total	\$	8,947,804	\$	7,158,244	\$	7,158,244	\$	7,312,544	\$	7,801,093	\$	8,016,577	\$	7,454,895	\$	8,164,398	\$	7,687,434	\$	7,728,704	\$	7,844,664

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STATE AID: Unrestricted General Government Aid from the State FY2003 to FY2013

Source: End of Year Financials



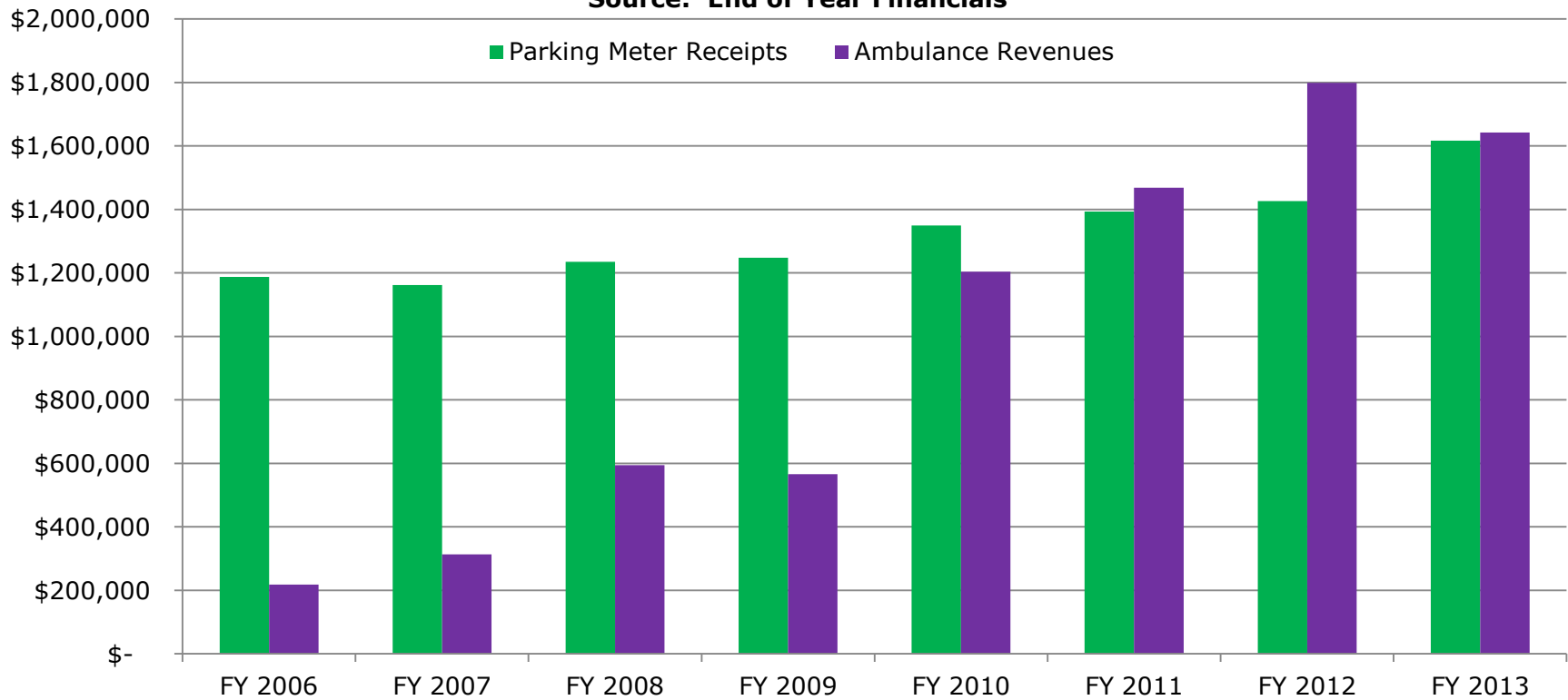
	Budgeted										
	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY2011	FY2012**	FY2013
Lottery	\$ 3,690,997.00	\$ 3,460,946.00	\$ 3,460,946.00	\$ 3,990,786.00	\$ 4,814,888.00	\$ 4,892,383.00	\$ 4,415,639.00	\$ -	\$ -	\$ -	
Additional Assistance	\$ 616,337.00	\$ 577,922.00	\$ 577,922.00	\$ 577,922.00	\$ 577,922.00	\$ 577,922.00	\$ 521,606.00	\$ -	\$ -	\$ -	
Unrestricted General Govt Aid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,872,525.00	\$ 3,717,624.00	\$ 3,448,824.00	\$ 3,717,624.00
	\$ 4,307,334.00	\$ 4,038,868.00	\$ 4,038,868.00	\$ 4,568,708.00	\$ 5,392,810.00	\$ 5,470,305.00	\$ 4,937,245.00	\$ 3,872,525.00	\$ 3,717,624.00	\$ 3,448,824.00	\$ 3,717,624.00

** does not include supplemental appropriation October 2011

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CHARGES FOR SERVICES: Parking and Ambulance Revenue Used to Balance Budget FY2006 - FY2013

Source: End of Year Financials



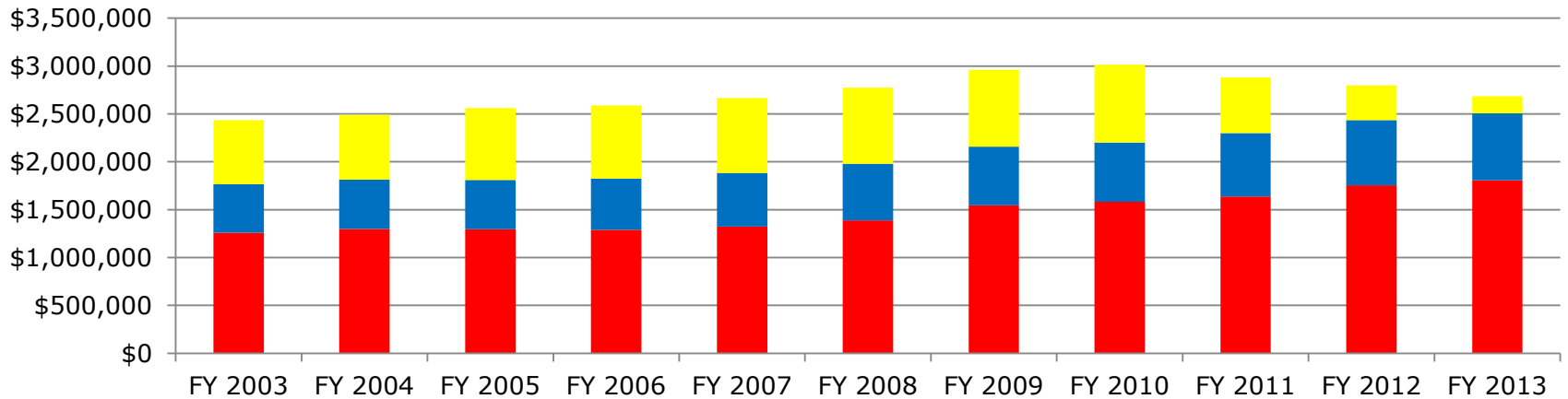
								Budgeted
	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Parking Meter Receipts	\$ 1,187,095	\$ 1,161,517	\$ 1,235,453	\$ 1,248,273	\$ 1,349,701	\$ 1,393,875	\$ 1,426,480	\$ 1,616,806
Ambulance Revenues	\$ 218,500	\$ 313,000	\$ 594,000	\$ 566,200	\$ 1,203,607	\$ 1,468,682	\$ 1,799,346	\$ 1,642,769

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INTER-FUND OPERATING TRANSFERS - Enterprise Fund Indirects

Source: End of Year Financials

■ Sewer ■ Water ■ Solid Waste

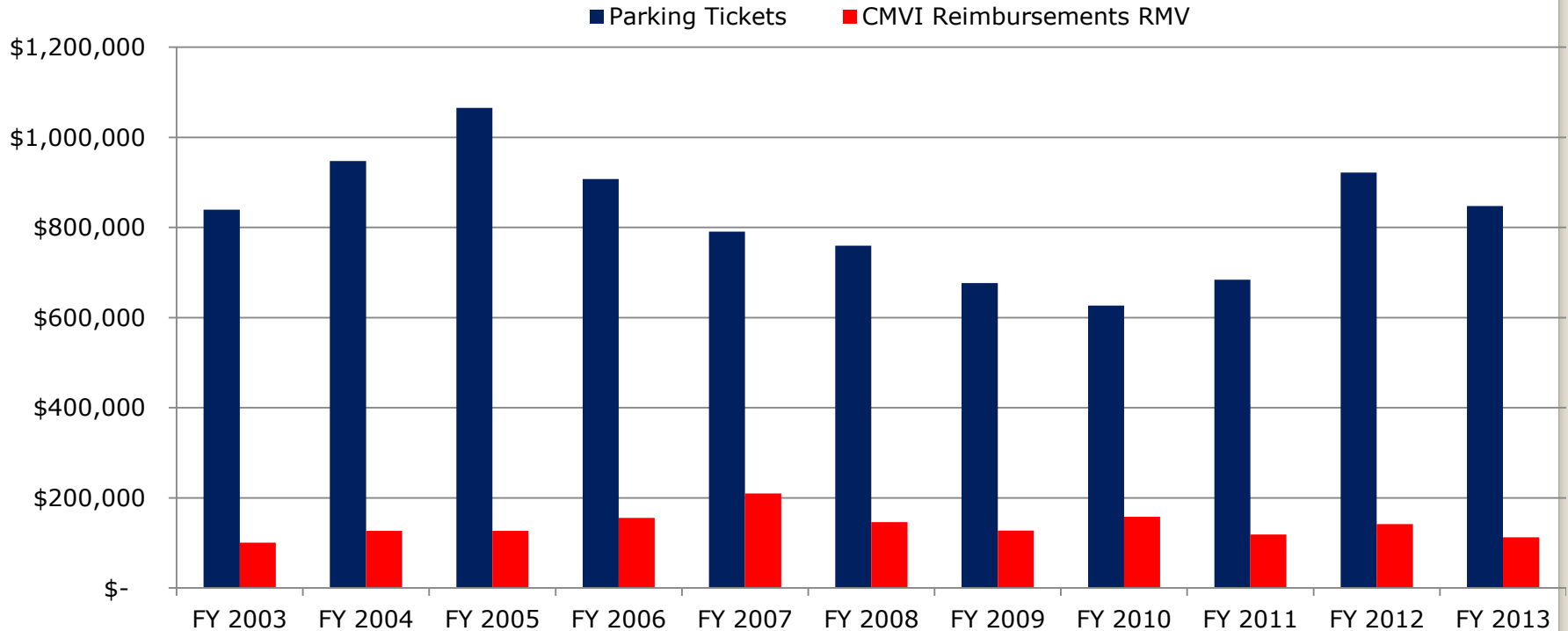


	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Sewer	\$ 1,258,646	\$ 1,299,581	\$ 1,295,227	\$ 1,290,992	\$ 1,324,980	\$ 1,388,264	\$ 1,546,261	\$ 1,581,602	\$ 1,638,743	\$ 1,756,160	\$ 1,806,937
Water	\$ 509,606	\$ 515,288	\$ 513,858	\$ 535,528	\$ 560,363	\$ 590,844	\$ 611,595	\$ 621,091	\$ 660,366	\$ 680,560	\$ 699,354
Solid Waste	\$ 668,570	\$ 676,354	\$ 753,596	\$ 763,428	\$ 781,800	\$ 794,612	\$ 804,665	\$ 811,080	\$ 584,483	\$ 363,434	\$ 178,589
Total:	\$ 2,436,822	\$ 2,491,223	\$ 2,562,681	\$ 2,589,948	\$ 2,667,143	\$ 2,773,720	\$ 2,962,521	\$ 3,013,773	\$ 2,883,592	\$ 2,800,154	\$ 2,684,880

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FINES AND FORFEITS: Parking Tickets and RMV Fines

Source: End of Year Financials



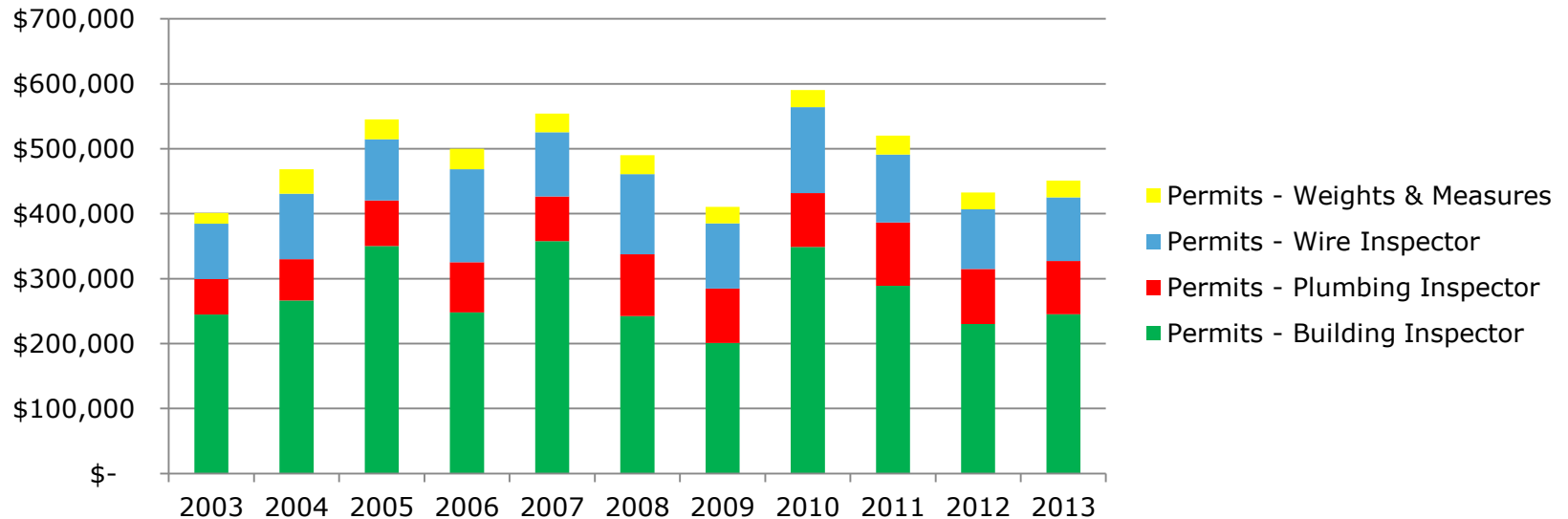
	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013*
CMVI Reimbursements RMV	\$ 100,493	\$ 127,100	\$ 126,720	\$ 155,718	\$ 209,823	\$ 146,151	\$ 127,710	\$ 158,145	\$ 118,678	\$ 141,730	\$ 112,600
Parking Tickets	\$ 839,485	\$ 947,209	\$ 1,065,380	\$ 907,750	\$ 790,698	\$ 759,494	\$ 676,451	\$ 626,670	\$ 684,392	\$ 922,127	\$ 847,400
	\$ 939,978	\$ 1,074,309	\$ 1,192,100	\$ 1,063,468	\$ 1,000,521	\$ 905,645	\$ 804,161	\$ 784,815	\$ 803,069	\$ 1,063,857	\$ 960,000

*2013 ESTIMATED

January 31, 2013

LICENSES AND PERMITS: Building, Plumbing, Wiring and Weights and Measures Permit Fees FY2003 - FY2013

Source: End of Year Financials



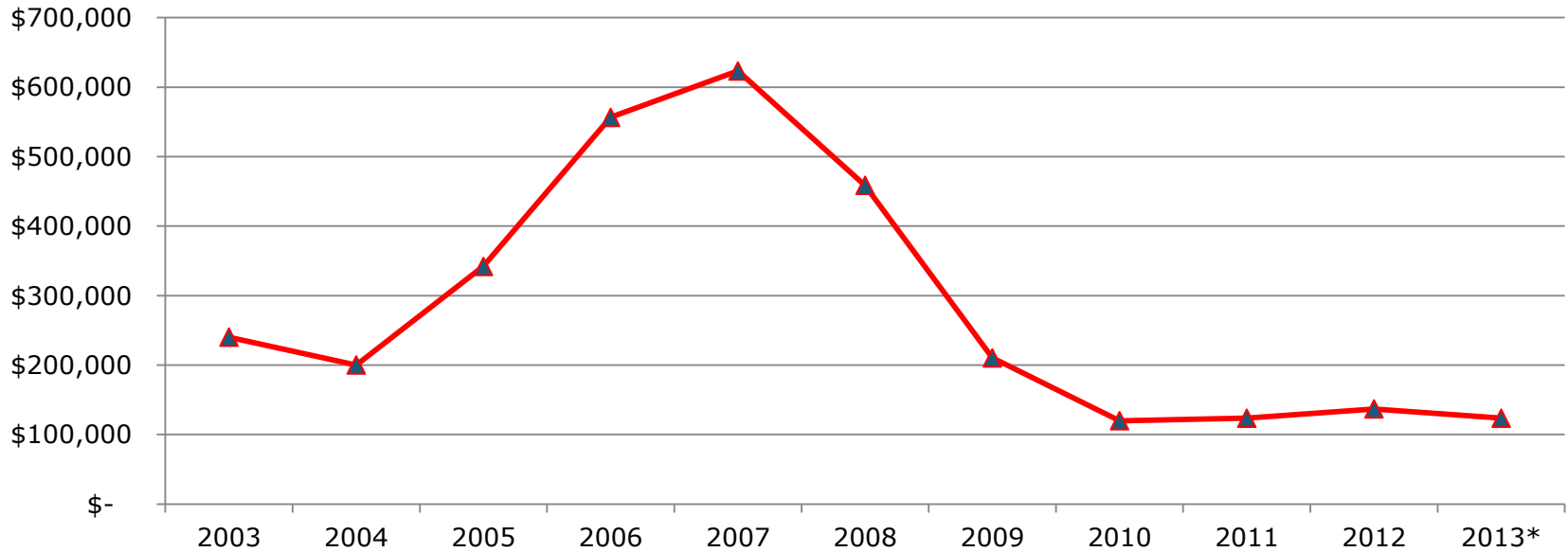
Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013*
Permits - Building Inspector	\$ 244,548	\$ 266,239	\$ 350,306	\$ 247,814	\$ 357,892	\$ 242,533	\$ 200,964	\$ 348,789	\$ 289,164	\$ 230,130	\$ 245,000
Permits - Plumbing Inspector	\$ 54,702	\$ 63,770	\$ 70,202	\$ 77,485	\$ 68,553	\$ 95,057	\$ 83,584	\$ 82,820	\$ 97,330	\$ 84,585	\$ 82,000
Permits - Wire Inspector	\$ 85,320	\$ 100,752	\$ 93,878	\$ 142,996	\$ 98,768	\$ 123,050	\$ 100,624	\$ 132,439	\$ 104,376	\$ 92,023	\$ 98,000
Permits - Weights & Measures	\$ 16,294	\$ 37,478	\$ 30,700	\$ 31,711	\$ 29,035	\$ 29,444	\$ 25,427	\$ 26,417	\$ 29,352	\$ 25,987	\$ 26,000
Total Permit Revenues	\$ 400,864	\$ 468,239	\$ 545,086	\$ 500,005	\$ 554,248	\$ 490,083	\$ 410,599	\$ 590,465	\$ 520,222	\$ 432,725	\$ 451,000
Change from Previous Year	\$ 108,848	\$ 67,375	\$ 76,847	\$ (45,081)	\$ 54,243	\$ (64,165)	\$ (79,484)	\$ 179,866	\$ (70,243)	\$ (87,498)	\$ 18,275
Percentage Change from Previous Year	37.27	16.81	16.41	(8.27)	10.85	(11.58)	(16.22)	43.81	(11.90)	(16.82)	4.22

*2013 ESTIMATED

January 31, 2013

MISCELLANEOUS REVENUE: Investment Income FY2003 - FY2013

Source: End of Year Financials



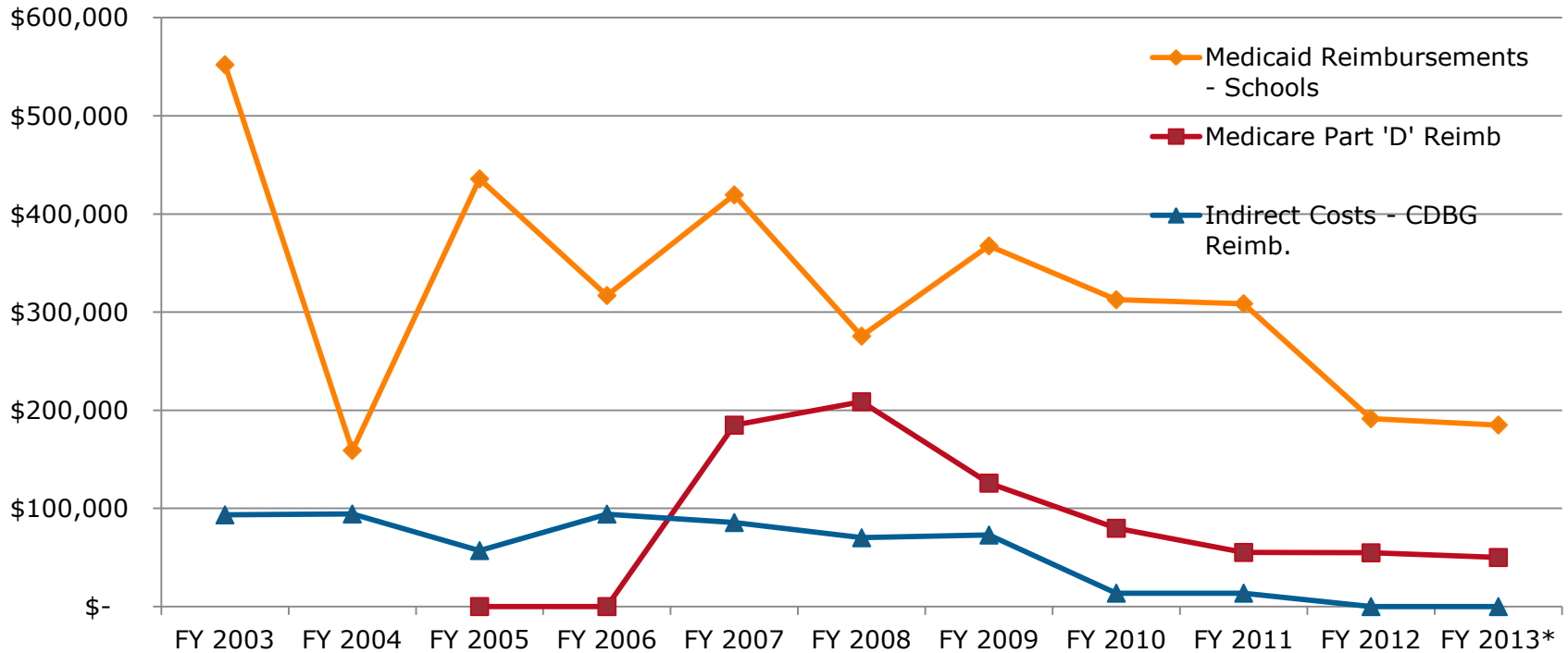
Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013*
Investment Income	\$ 240,203	\$ 200,166	\$ 341,974	\$ 556,430	\$ 623,188	\$ 458,686	\$ 210,258	\$ 119,975	\$ 123,556	\$ 136,956	\$ 123,500
Change from previous year	\$ (160,624)	\$ (40,037)	\$ 141,808	\$ 214,456	\$ 66,758	\$ (164,502)	\$ (248,428)	\$ (90,283)	\$ 3,581	\$ 13,400	\$ (13,456)
Percentage change from previous year	(40.07)	(16.67)	70.84	62.71	12.00	(26.40)	(54.16)	(42.94)	2.98	10.84	(9.82)

*2013 ESTIMATED

January 31, 2013

FEDERAL AID: Medicaid, Medicare and CDBG Indirect FY2013 - FY2013

Source: End of Year Financials



Medicaid Reimbursements - Schools	\$	552,056	\$	159,057	\$	435,726	\$	316,914	\$	419,459	\$	275,576	\$	367,480	\$	312,640	\$	308,590	\$	191,434	\$	185,000
Medicare Part 'D' Reimb					\$	-	\$	-	\$	184,834	\$	208,656	\$	125,745	\$	79,792	\$	55,160	\$	54,789	\$	50,000
Indirect Costs - CDBG Reimb.	\$	93,436	\$	94,300	\$	57,080	\$	94,223	\$	85,640	\$	70,136	\$	72,888	\$	13,668	\$	13,668	\$	-	\$	-
	\$	645,492	\$	253,357	\$	492,806	\$	411,137	\$	689,933	\$	554,368	\$	566,113	\$	406,100	\$	377,418	\$	246,223	\$	235,000

*2013 ESTIMATE

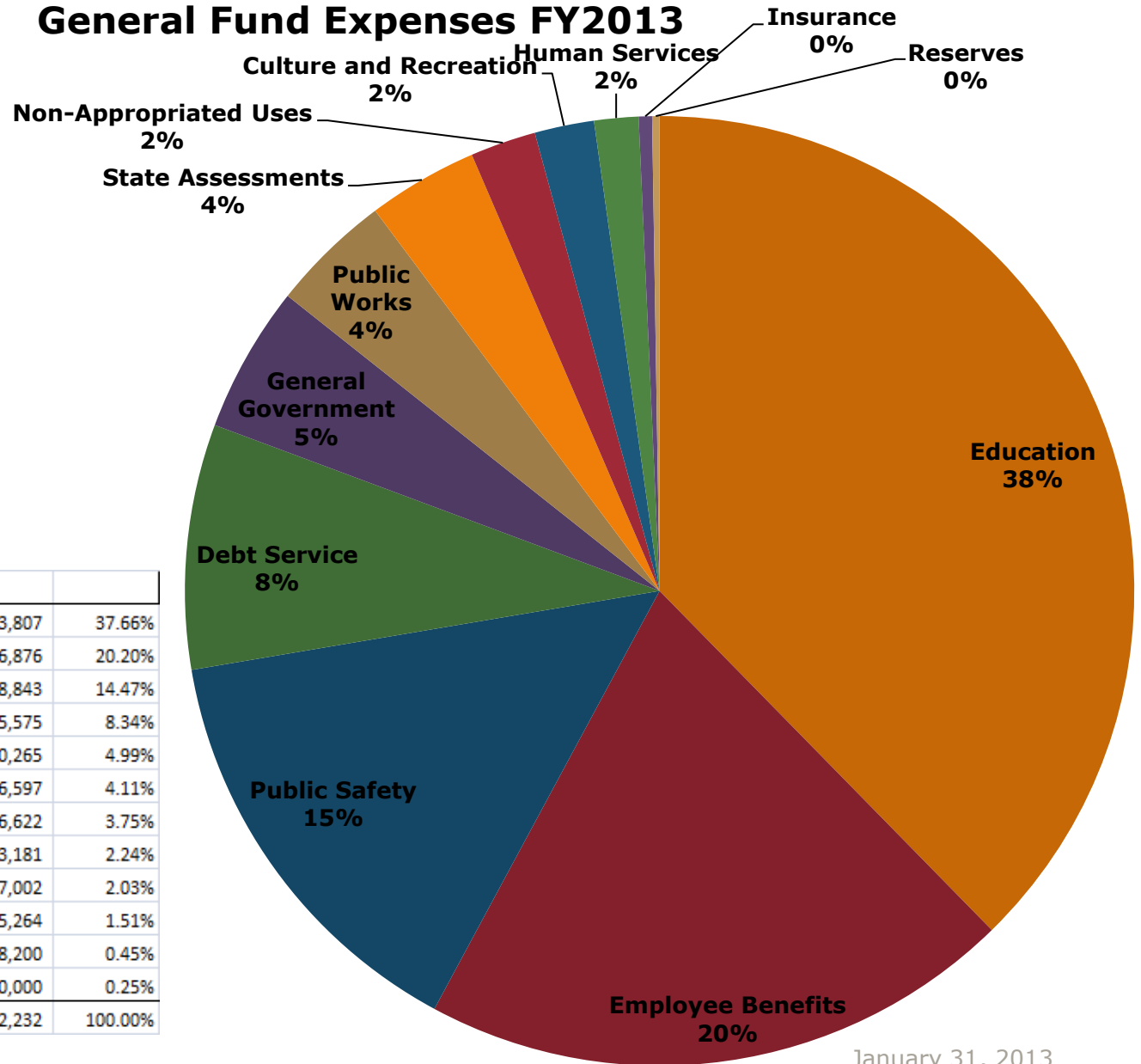
January 31, 2013



Expense Trends

January 31, 2013

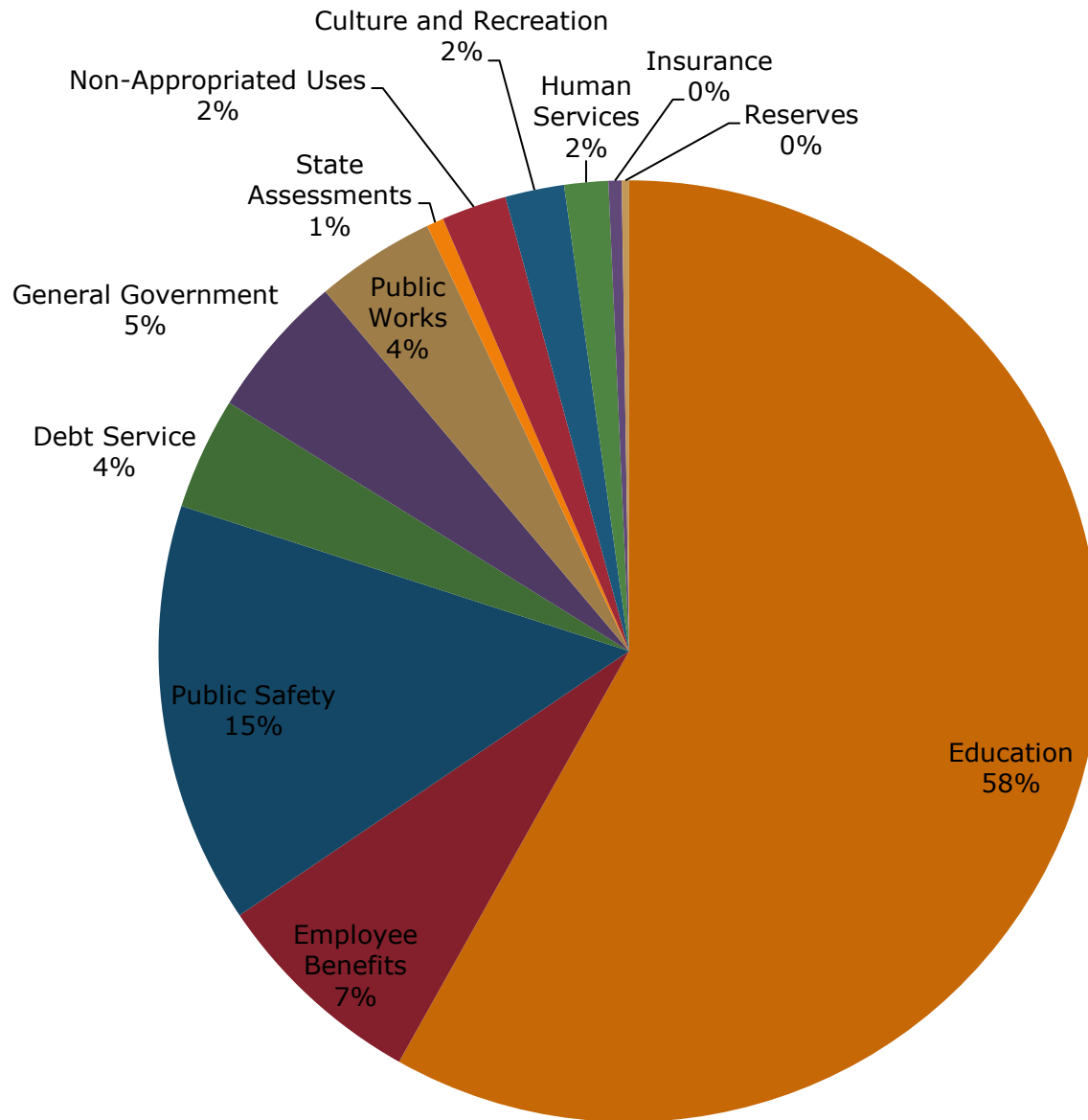
General Fund Expenses FY2013



Fiscal Year 2013		
Education	\$ 29,873,807	37.66%
Employee Benefits	\$ 16,026,876	20.20%
Public Safety	\$ 11,478,843	14.47%
Debt Service	\$ 6,615,575	8.34%
General Government	\$ 3,960,265	4.99%
Public Works	\$ 3,256,597	4.11%
State Assessments	\$ 2,976,622	3.75%
Non-Appropriated Uses	\$ 1,773,181	2.24%
Culture and Recreation	\$ 1,607,002	2.03%
Human Services	\$ 1,195,264	1.51%
Insurance	\$ 358,200	0.45%
Reserves	\$ 200,000	0.25%
	\$ 79,322,232	100.00%

January 31, 2013

The largest programmatic expenditure in the general fund is education – for Northampton Public Schools and Smith Vocational and Agricultural High School

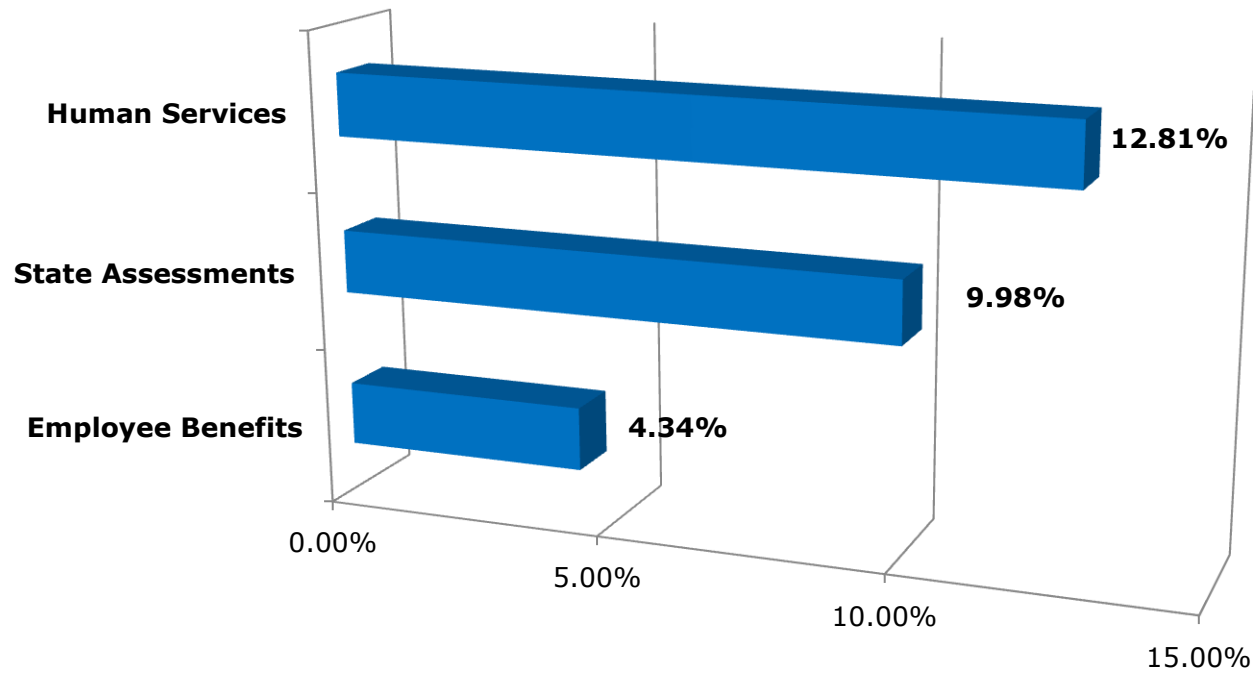


This chart shows the total Northampton spends on Education as 58% of the General Fund Budget in FY13. Included in this total is the appropriation, as well as debt service and capital costs for school department equipment and buildings, and school employee benefits, such as health insurance and retirement for staff and sending School Choice and Charter tuition.

- **Education: 37.66%**
 - Northampton Public Schools
 - Smith Vocational and Agricultural School
- **Employee Benefits: 20.20%**
 - Retirement
 - Workers Comp and Police and Fire Accident
 - Unemployment
 - Medical Insurance
 - Payroll Taxes
- **Public Safety: 14.47%**
 - Police
 - Fire and Ambulance
 - Parking Enforcement and Maintenance
 - Building Inspections
 - Emergency Management
- **Debt Service: 8.34%**
 - Long Term Bonds Principal and Interest
 - Short Term Borrowing Principal and Interest
 - Capital Leases
- **General Government: 4.99%**
 - Mayor and City Council
 - Auditor, Treasurer, Collector and Assessors
 - Legal Services
 - Human Resources
 - Management Information Services
 - City Clerk and Licensing Commission
 - Planning and Development
 - Central Services
- **Public Works: 4.11%**
 - Engineering and Administration
 - Streets – General and Snow and Ice
 - Storm Drains
 - Flood control
 - Cemeteries
 - DPW Parks and Recreation
- **State Assessments: 3.75%**
 - PVTA
 - RMV Non-Renewal Surcharge
 - Charter School Sending Tuition
 - School Choice Sending Tuition
- **Non-Appropriated Uses: 2.24%**
 - Overlay and Deficits
 - County Lock-Up
- **Culture and Recreation: 2.03%**
 - Forbes and Lilly Libraries
 - Recreation
 - First Night and Arts Council
- **Human Services: 1.51%**
 - Board of Health
 - Veterans
 - Council on Aging
- **Insurance: 0.45%**
 - General Liability, Property and Auto
 - Public Employees Liability
- **Reserves: 0.25%**
 - Cash Capital
 - Reserve for Personnel
 - Capital Stabilization Fund

FY2013 General Fund Expenses

January 31, 2013



FY2004 - FY2013
General Fund Functional Spending Areas
10 Year Average Percentage Increase
Source: End of Year Financials

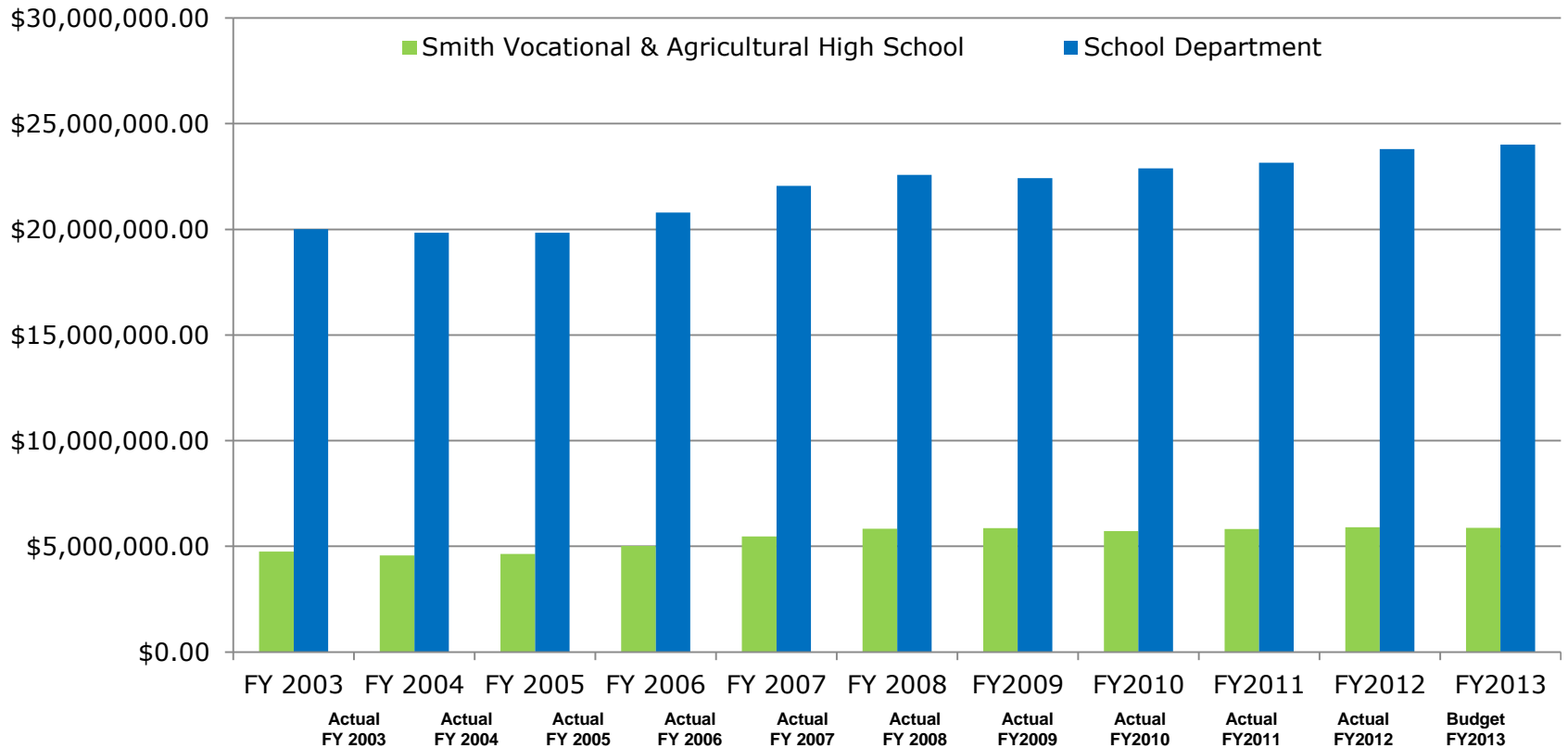
Human Services - increase driven primarily by Veterans Benefits

State Assessments - increase driven primarily by outgoing School Choice and Charter

Employee Benefits - increase driven primarily by Health Insurance

EDUCATION: Education Appropriation from General Fund FY2003 - FY2013

Source: End of Year Financials



EDUCATION

Smith Vocational & Agricultural High School	4,756,339	4,572,398	4,635,000	5,022,405	5,470,219	5,835,262	5,863,580	5,715,472	5,825,366	5,906,058	5,870,164
School Department	20,010,412	19,835,000	19,835,000	20,789,112	22,054,895	22,572,614	22,422,081	22,881,500	23,157,544	23,795,643	24,003,643
	24,766,751	24,407,398	24,470,000	25,811,517	27,525,114	28,407,876	28,285,661	28,596,972	28,982,910	29,701,701	29,873,807
Education - % increase		-1.45%	0.26%	5.48%	6.64%	3.21%	-0.43%	1.10%	1.35%	2.48%	0.58%

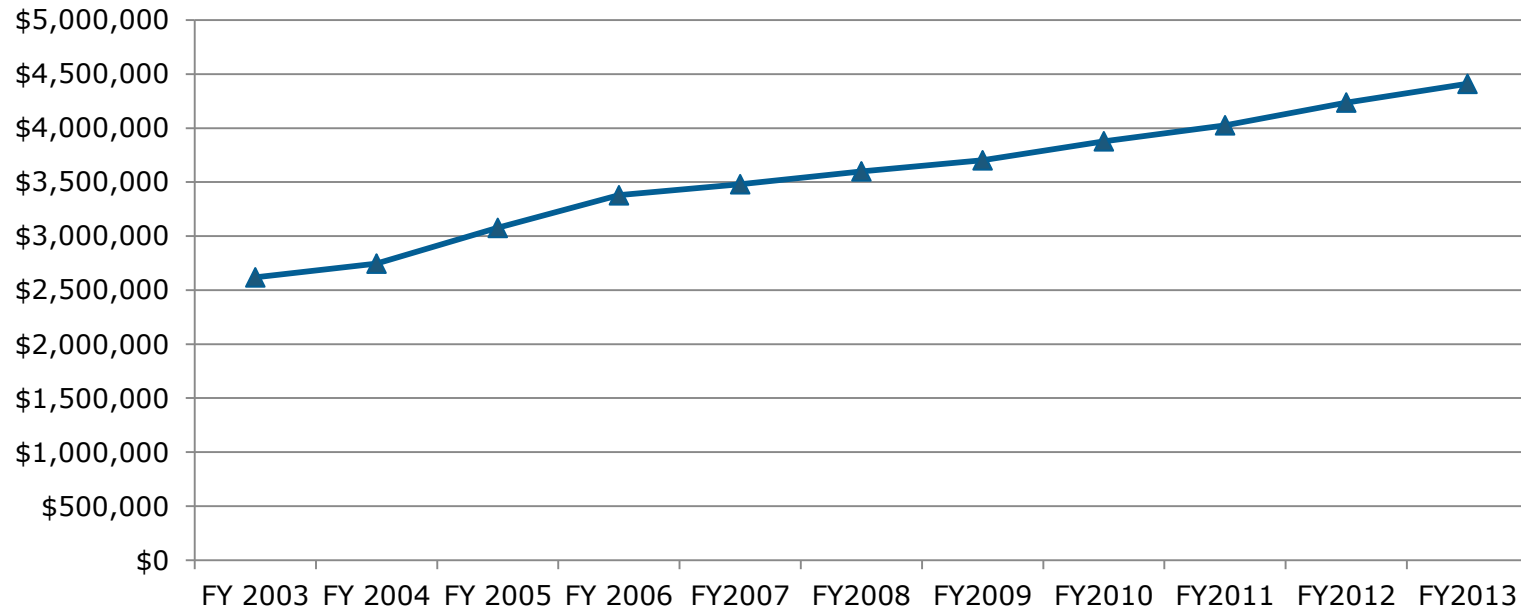
January 31, 2013

10 YEAR AVE: 2.07%

EMPLOYEE BENEFITS: Retirement Assessment

FY2003 to FY2013

Source: End of Year Financials



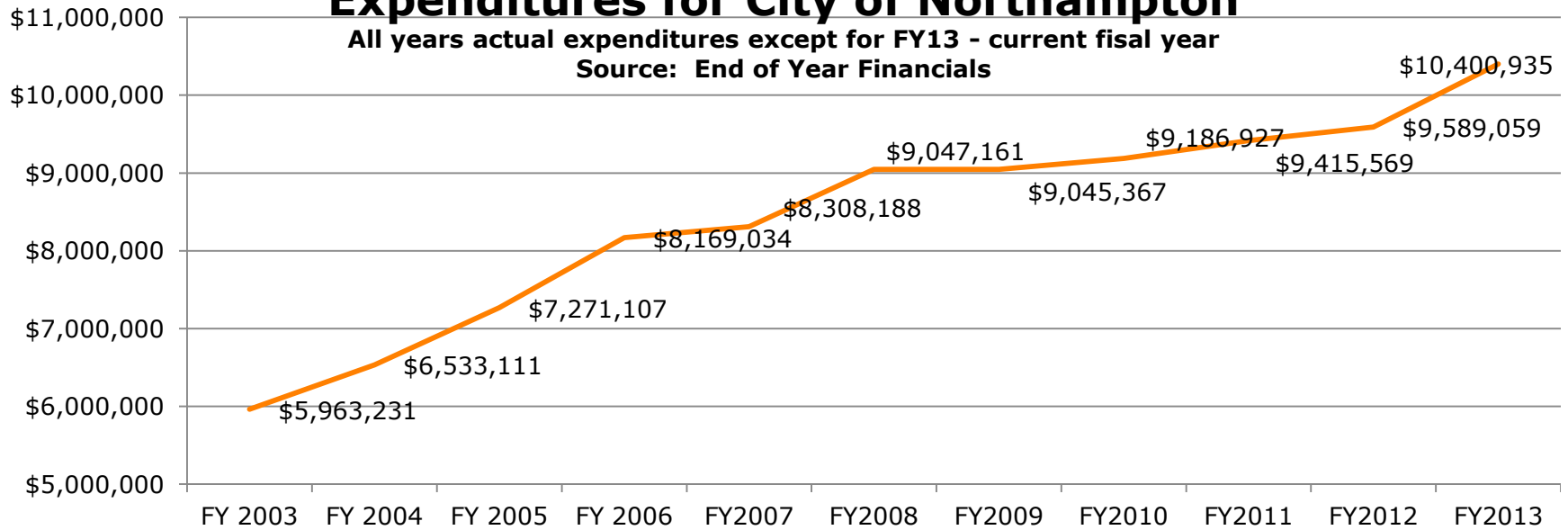
Retirement Assessment	FY 2003	FY 2004	FY 2005	FY 2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Contributory Retirement System	\$ 2,541,628	\$ 2,668,462	\$ 2,992,234	\$ 3,294,187	\$ 3,409,475	\$ 3,535,959	\$ 3,665,262	\$ 3,842,388	\$ 3,989,570	\$ 4,198,899	\$ 4,359,384
Pensions and Annuities Non Contributory	\$ 76,393	\$ 77,075	\$ 83,874	\$ 83,855	\$ 70,896	\$ 63,331	\$ 36,731	\$ 35,624	\$ 36,617	\$ 37,690	\$ 50,632
Total Employee Health Insurance	\$ 2,618,021	\$ 2,745,537	\$ 3,076,108	\$ 3,378,042	\$ 3,480,371	\$ 3,599,290	\$ 3,701,993	\$ 3,878,012	\$ 4,026,187	\$ 4,236,589	\$ 4,410,016
Change from previous year	\$ 105,817	\$ 127,517	\$ 330,571	\$ 301,934	\$ 102,328	\$ 118,920	\$ 102,702	\$ 176,019	\$ 148,175	\$ 210,402	\$ 173,427
Percentage change from previous year	4.21%	4.87%	12.04%	9.82%	3.03%	3.42%	2.85%	4.75%	3.82%	5.23%	4.09%

January 31, 2013

EMPLOYEE BENEFITS: Health Insurance Expenditures for City of Northampton

All years actual expenditures except for FY13 - current fiscal year

Source: End of Year Financials



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013*
Group Medical Insurance	\$ 5,963,231	\$ 6,533,111	\$ 7,271,107	\$ 8,169,034	\$ 8,215,517	\$ 8,953,648	\$ 8,955,458	\$ 9,111,523	\$ 9,317,382	\$ 9,427,676	\$ 10,234,243
Employee Co-Pay Reimbursement	\$ -	\$ -	\$ -	\$ -	\$ 33,900	\$ 34,639	\$ 33,364	\$ 20,350	\$ 43,700	\$ 110,262	\$ 104,692
Medicare Penalty	\$ -	\$ -	\$ -	\$ -	\$ 58,771	\$ 58,874	\$ 56,545	\$ 55,054	\$ 54,487	\$ 51,120	\$ 62,000
Total Employee Health Insurance	\$ 5,963,231	\$ 6,533,111	\$ 7,271,107	\$ 8,169,034	\$ 8,308,188	\$ 9,047,161	\$ 9,045,367	\$ 9,186,927	\$ 9,415,569	\$ 9,589,059	\$ 10,400,935
Change from previous year	\$ 559,974	\$ 569,880	\$ 737,996	\$ 897,927	\$ 139,154	\$ 738,973	\$ (1,794)	\$ 141,560	\$ 228,642	\$ 173,489	\$ 811,876
Percentage change from previous year	10.36	9.56	11.30	12.35	1.70	8.89	(0.02)	1.57	2.49	1.84	8.47

*2013 Budgeted

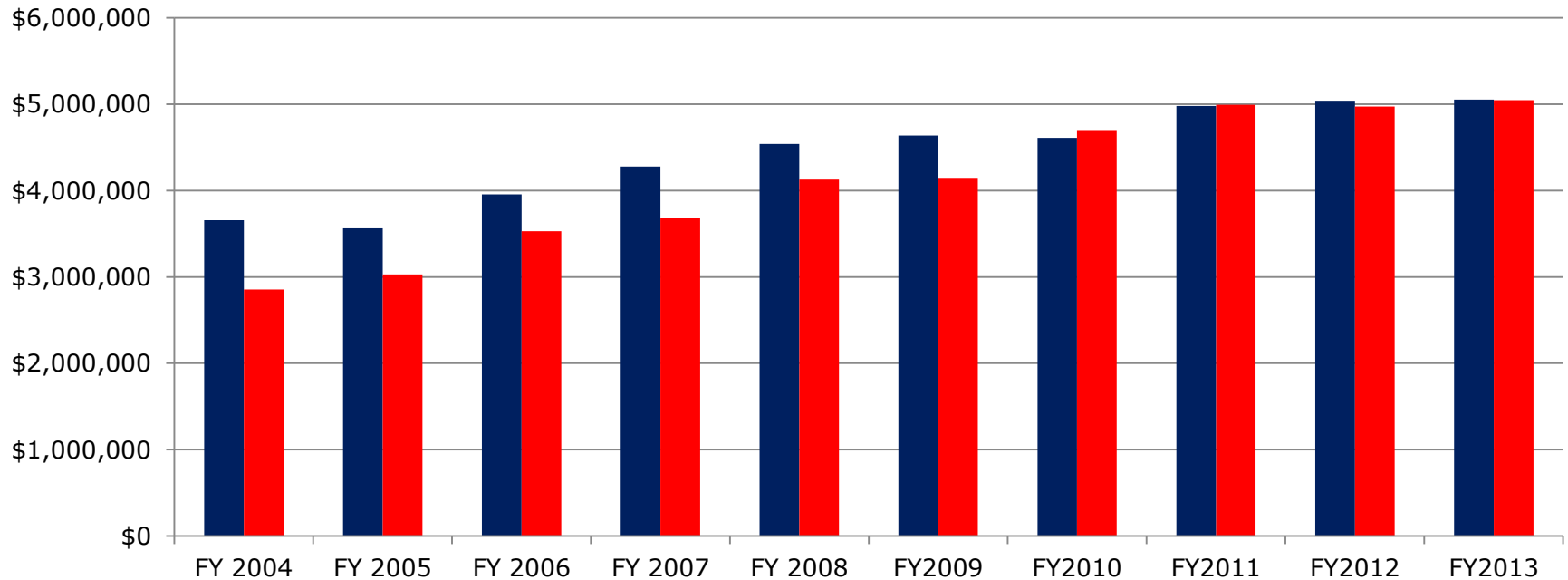
January 31, 2013

PUBLIC SAFETY: Police and Fire/EMS Expenditures

FY2004 - FY2013

Source: End of Year Financials

■ Police ■ Fire and EMS



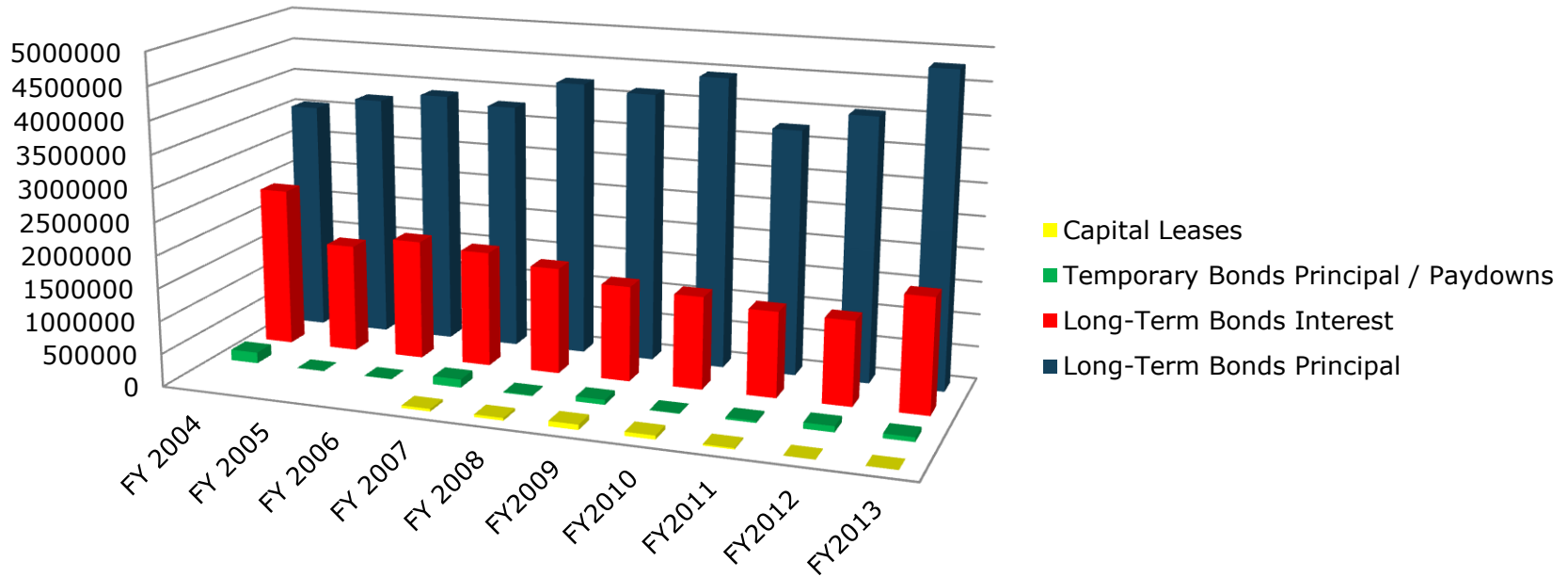
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY2009	FY2010	FY2011	FY2012	FY2013*
Police	\$ 3,656,957	\$ 3,562,494	\$ 3,957,552	\$ 4,277,505	\$ 4,541,290	\$ 4,638,527	\$ 4,609,400	\$ 4,980,043	\$ 5,040,469	\$ 5,055,745
Fire and EMS	\$ 2,855,629	\$ 3,027,294	\$ 3,527,941	\$ 3,680,561	\$ 4,126,454	\$ 4,148,042	\$ 4,700,769	\$ 4,993,815	\$ 4,973,689	\$ 5,048,884

*2013 Budgeted

January 31, 2013

DEBT: Expenditures FY04 - FY2013

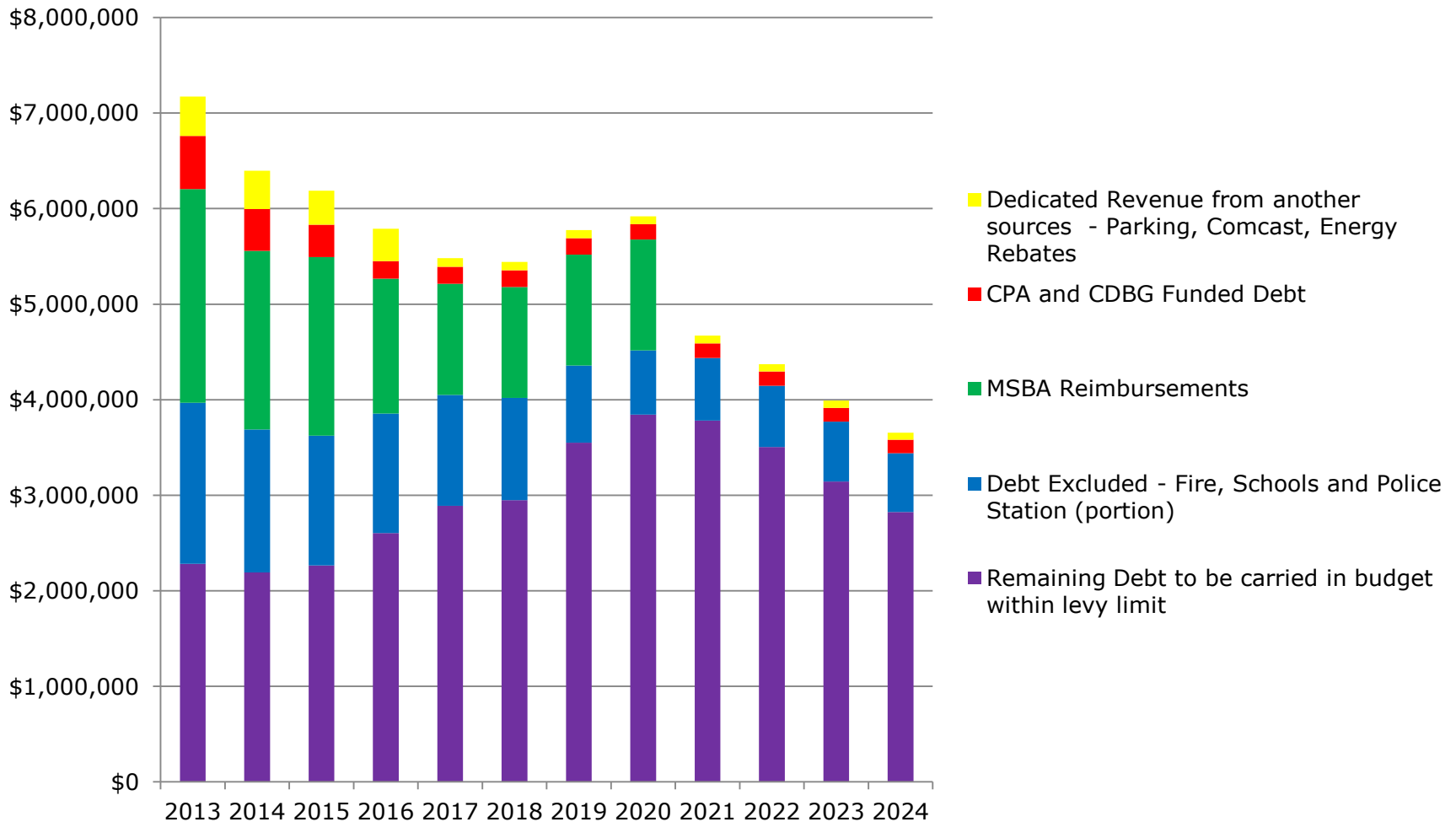
Source: End of Year Financials



	Actual FY 2004	Actual FY 2005	Actual FY 2006	Actual FY 2007	Actual FY 2008	Actual FY2009	Actual FY2010	Actual FY2011	Actual FY2012	Budget FY2013
Long-Term Bonds Principal	\$ 3,547,475	\$ 3,736,199	\$ 3,877,699	\$ 3,779,839	\$ 4,213,891	\$ 4,128,784	\$ 4,448,412	\$ 3,744,820	\$ 4,033,000	\$ 4,788,000
Long-Term Bonds Interest	\$ 2,441,328	\$ 1,661,248	\$ 1,835,145	\$ 1,766,718	\$ 1,627,494	\$ 1,459,260	\$ 1,418,287	\$ 1,310,204	\$ 1,292,561	\$ 1,757,707
Capital Leases				\$ 39,457	\$ 39,457	\$ 79,591	\$ 59,524	\$ 20,067	\$ -	\$ -
Temporary Bonds Principal / Paydowns	\$ 167,265	\$ -	\$ 4,198	\$ 125,467	\$ 13,233	\$ 74,920	\$ 7,000	\$ 29,520	\$ 92,193	\$ 69,868
	\$ 6,156,068	\$ 5,397,447	\$ 5,717,042	\$ 5,711,481	\$ 5,894,075	\$ 5,742,555	\$ 5,933,222	\$ 5,104,611	\$ 5,417,754	\$ 6,615,575

DEBT: Future Projected Debt FY2013- FY2024

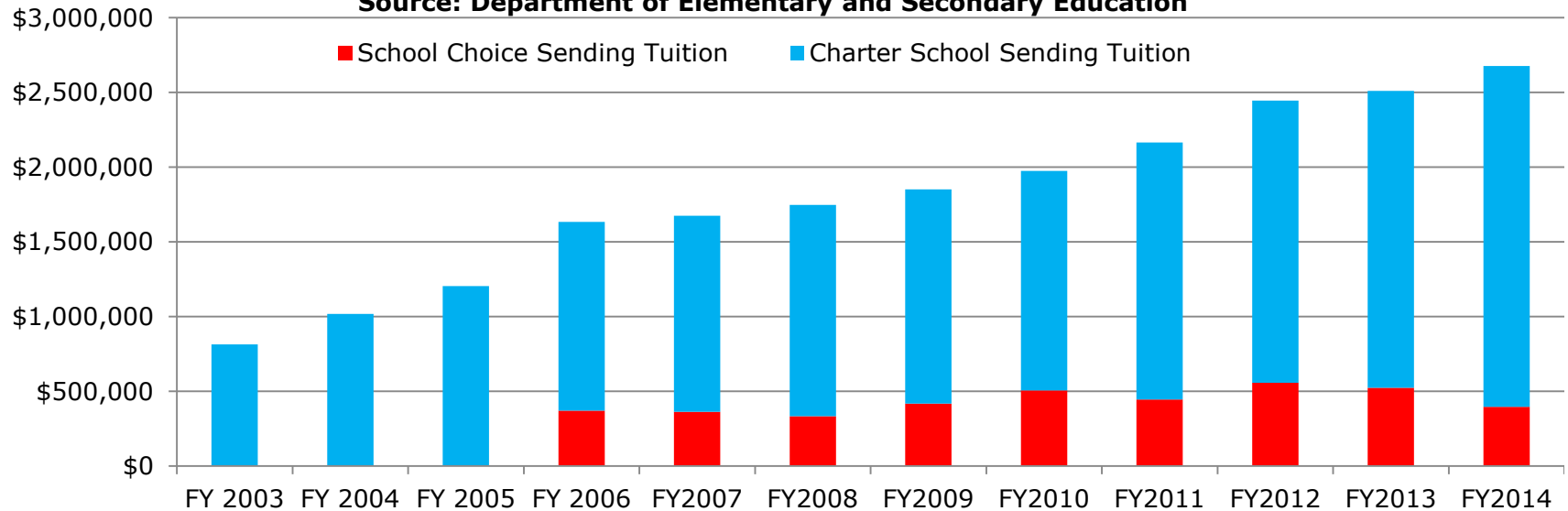
includes possible DPW Facility at \$8.5 million financed in General Fund and bonded in FY2016



January 31, 2013

STATE ASSESSMENTS: School Choice and Charter School Sending Tuition FY2003 to FY2013

Source: Department of Elementary and Secondary Education



	FY 2003	FY 2004	FY 2005	FY 2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014*
School Choice Sending Tuition	\$ -	\$ -	\$ -	\$ 371,002	\$ 363,405	\$ 333,531	\$ 418,667	\$ 506,906	\$ 445,791	\$ 556,930	\$ 524,909	\$ 397,034
Charter School Sending Tuition	\$ 815,171	\$ 1,017,486	\$ 1,203,393	\$ 1,262,463	\$ 1,310,509	\$ 1,413,309	\$ 1,432,011	\$ 1,467,450	\$ 1,718,969	\$ 1,888,113	\$ 1,984,385	\$ 2,279,820
Total	\$ 815,171	\$ 1,017,486	\$ 1,203,393	\$ 1,633,465	\$ 1,673,914	\$ 1,746,840	\$ 1,850,678	\$ 1,974,356	\$ 2,164,760	\$ 2,445,043	\$ 2,509,294	\$ 2,676,854
Change from previous year	\$ (56,652)	\$ 202,315	\$ 185,907	\$ 430,072	\$ 40,449	\$ 72,926	\$ 103,838	\$ 123,678	\$ 190,404	\$ 280,283	\$ 64,251	\$ 167,560
Percentage change from previous year	-6.50	24.82	18.27	35.74	2.48	4.36	5.94	6.68	9.64	12.95	2.63	6.68

*2014 Estimated Governor's Budget

January 31, 2013



What This Means for FY2014

January 31, 2013

Category	Estimated Increase/Decrease
Prop 2 1/2 Increase	\$ 1,094,202
New Growth	\$ 600,000
Debt Exclusions	\$ (181,000)
Other Taxes	\$ 100,000
Charges for Services	\$ (52,000)
Licenses and Permits	\$ 32,000
Fines and Forfeits	\$ 45,000
State Aid <i>(Based on Governor's Budget Proposal)</i>	\$ 347,431
MSBA Reimbursement	\$ (367,721)
Federal Aid	\$ (5,000)
Enterprise Fund Indirect	\$ (178,000)
Other Inter-Fund Transfers	\$ (14,000)
Miscellaneous Revenue	\$ (25,000)
ESTIMATED NEW REVENUE	\$ 1,395,912

FY14 Estimated Revenue Changes

January 31, 2013

Category	Estimated Increase/Decrease
Retirement Assessment	\$ 240,285
Overlay (exemptions)	\$ 50,000
Overlay Deficit	\$ 170,000
Charter School Sending Tuition	\$ 295,435
School Choice Sending Tuition	\$ (127,875)
Other Cherry Sheet Assessments	\$ (6,911)
Libraries (MAR)	\$ 25,000
Veterans Benefits	\$ 100,000
Legal	\$ 75,000
Unemployment	\$ 50,000
Payroll Taxes	\$ 30,000
Workers Comp & Police/Fire Acc	\$ 20,000
Cash Capital - not funded in FY13	\$ 175,000
Stabilization fund - not funded	\$ 250,000
Debt Service	\$ (600,000)
Firefighter Legal Settlement	\$ 45,000
FY13 CBA's paid from FY12 tailings	\$ 120,000
Health Insurance Increase – Projection @ 10%	\$ 1,045,000
Estimated Expenditure Increases/Decreases:	\$ 1,955,934

FY14 Known Expense Changes

January 31, 2013

Estimated Revenue Changes	\$ 1,395,912
Known Expense Changes	<u>\$ (1,955,934)</u>
Current GAP:	\$ (560,022)
Still Unknown:	
Health Insurance – renewal could exceed 10%	TBD
Employee Step & COLA Increases	TBD
Collective Bargaining Agreements for FY14	TBD
Expiring Grants	TBD
JLMC Decision – Firefighter Union	TBD
Departmental Budget Needs	TBD

PRELIMINARY GAP

January 31, 2013

Next Steps

- February 2013 – Budget Worksheets to Departments, Mayor and Finance Director meet with Departments to review departmental budget submissions
- March 2013 Town Hall Budget meetings
- April 17, 2013 – Northampton Public Schools and Smith Vocational & Agricultural High School Adopted Budgets Submitted to the Mayor
- May 16, 2013 – Mayor presents FY2014 Budget to City Council

Mayor's FY14 Town Hall Budget Meetings

The public is welcome to attend any and all of the meetings and questions or comments are appreciated

Tuesday, March 12, 2013
11:30am – 12:30pm
Northampton Senior Center

Wednesday, March 13, 2013
7:00pm – 8:00pm
JFK Community Room

Monday, March 18, 2013
7:00pm – 8:00pm
Bridge Street School Library

Wednesday, March 20, 2013
7:00pm – 8:00pm
Northampton High School Little Theater

Wednesday, March 27, 2013
7:00pm – 8:00pm
Ryan Road School Gymnasium